

Daily Report China

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General

News Analysis Views U.S.-USSR INF Plan *OW201446 Beijing XINHUA in English 1433 GMT* 20 Sep 87

["News Analysis: Soviet-U.S. INF Outline Praiseworthy (by Tang Xiushan)"]—XINHUA headline]

[Text] Moscow, September 20 (XINHUA)—Moscow heaved a sigh of relief when news came in that the United States had finally agreed "in principle" to conclude a treaty with the Soviet Union on banning intermediate-range nuclear missiles and thus a summit became possible.

Moscow's pleasure is understandable: the INF outline, reached at the last minute of the talks between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz, is no easy job.

Since the two superpowers resumed talks on nuclear weapons in Geneva in January, 1985, bitter quarrels between the delegations have become routine fare.

To iron out major differences, the foreign affairs chiefs of the two countries shuttled between Moscow and Washington and Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan flew to Geneva and Reykjavik to hold summit talks.

Moscow's flexible policy helped reach an agreement: it agreed to single out the medium-range missile issue from the package plan; to eradicate shorter-range missiles in line with "double-zero" options; to eradicate its medium-range missiles deployed in the Asian part of Soviet territory; and to carry out strict monitoring measures on nuclear inspection.

The Soviet Union had insisted upon a blanket settlement of the strategic and medium-range nuclear weapons issues and the U.S. Strategic Defense Initiative (Star Wars). Then Gorbachev proposed the single-out on February 28 this year.

Of course, Washington's willingness to compromise also contributed to the agreement. Shevardnadze said in Washington Friday that he thanks Shultz for his cooperation. The Soviet foreign minister also praised Reagan for his role in the talks.

The tentative agreement reflects the needs of Washington and Moscow.

For Washington, Reagan, whose reputation was badly damaged by the Iran-Contra incident, wants to earn a reputation as a peace-loving president in the next 16 months before his presidency ends, and wants to boost the Republicans' chances in next year's general elections.

For Moscow, Gorbachev wants to take advantage of the agreement to improve Soviet-U.S. ties; to ease international tension so that he can pursue his economic program in a favorable climate.

Despite the tentative agreement, many difficulties remain unresolved. For example, details of the agreement are still to be worked out and it's not an easy job. From the broader point of view, overall Soviet-U.S. ties are still at odds: "we have serious differences in many areas," says Reagan, and "there are still many difficulties and contradictions in Soviet-U.S. relations," says Shevardnadze.

Wu Xueqian Meets UNGA Session President *OW220118 Beijing XINHUA in English 0102 GMT* 22 Sep 87

[Text] United Nations, September 21 (XINHUA)—Chinese Foreign Minister Wu Xueqian paid a visit this afternoon to Peter Florin, president of the 42nd Session of the U.N. General Assembly who is also deputy foreign minister of Democratic Germany.

In conversation, Wu exchanged views with the president on the work of the current session.

Wu also met separately today with the foreign ministers of Tunisia, Sri Lanka, Congo and Mongolia.

Zhao Ziyang Praises IAEA on Anniversary *OW212121 Beijing XINHUA in English 1044 GMT* 21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Chinese Premier Zhao Ziyang sent a message today to the International Atomic Energy Agency (IAEA) to congratulate it on its 30th anniversary.

The message praised the organization for promoting and securing the peaceful use of atomic energy and international cooperation in its 30 years of existence.

Zhao expressed satisfaction over the cooperation between China and the agency since China's participation.

He said the Chinese Government is willing to further strengthen cooperation with the agency and make its contribution to the development of the peaceful use of the atomic energy worldwide.

The IAEA was formed in 1957 with its head office in Vienna. China has been a full member since January 1, 1984.

Organizations Win UN Peace Messenger Award *OW220922 Beijing XINHUA in English 0909 GMT* 22 Sep 87

[Text] Beijing, September 22 (XINHUA)—Four Chinese institutions were given the United Nations Peace Messenger Award for their contributions to the observance of the international year of peace at a ceremony here today.

The four institutions were the Chinese People's Association for Friendship with Foreign Countries, the Soong Ching Ling Foundation, the Chinese People's

Association for Peace and Disarmament and Beijing municipality.

The ceremony was held at the conference room of the U.N. Development Program in China here and attended by Zhou Peiyuan, vice-president of the Chinese People's Association for Peace and Disarmament; Ling Qing, vice-president of the Chinese People's Association for Friendship with Foreign Countries; Wu Quanheng, vice-chairman of the Soong Ching Ling Foundation; and Sun Fuling, vice-mayor of Beijing.

Manfred Kulesa, resident representative of the U.N. Development Program in China presented them with certificates on behalf of Javier Perez de Cuellar, secretary-general of the United Nations.

Speaking at the ceremony, Zhou Peiyuan expressed their thanks to the United Nations for its recognition of their work, saying that "we will, as always, do our part for the peace of the mankind."

United States & Canada

PRC Embassy Condemns Dalai Lama's Remarks

Expresses 'Indignation'

OW221314 Beijing XINHUA in English 1243 GMT
22 Sep 87

[Text] Washington, September 21 (XINHUA)—The Chinese Embassy here today criticized certain members of the U.S. Congress for allowing the Dalai Lama to advocate Tibetan independence in the country.

It expressed its "deep regret and indignation" at the fact that they "should interfere in China's internal affairs and allow the Dalai Lama to conduct political activities aimed at advocating independence for Tibet and sabotaging the unity of China."

Responding to a question by AFP about the Chinese Embassy's reaction to "the five-point proposal" of the Dalai Lama announced at the Congressional Human Rights Caucus, Zheng Wanzhen, press counselor of the Chinese Embassy here, said that the so-called five-point proposal "is nothing new."

He said, "these five points are essentially to create an independent Tibet, to split the country and undermine the unity of our various nationalities."

"We have long since pointed out that any schemes designed to separate Tibet from the motherland and to undermine the national unity of the country are firmly opposed by us and will definitely fail."

"Tibet is an inalienable part of China, this has been acknowledged by various countries of the world including the United States," he said.

While addressing the U.S. Congressional Human Rights Caucus on Capitol Hill today, the Dalai Lama proposed a "five-point plan" calling for the so-called "transformation of the whole of Tibet into a zone of peace," "the

abandonment of China's population transfer policy" in Tibet, "respect for the Tibetan people's fundamental human rights and democratic freedom," "abandonment of China's use of Tibet for the production of nuclear weapons and dumping of nuclear waste" and "earnest negotiations on the future status of Tibet."

Today's meeting was called by Congressman Tom Lantos in the name of the Congressional Human Rights Caucus. Only five congressmen were present at the meeting.

One congressman asked Dalai Lama whether he has got any response from the U.S. State Department on his proposals, or whether he has met with State Department officials, because he knows that it is the position of the State Department that Tibet is part of China. The Dalai Lama said he has not made any contact with the U.S. State Department and does not want to try since he is aware of the State Department's positions.

The Dalai Lama arrived in the United States on September 19 for a 10-day visit. Besides meeting with some U.S. congressmen and political figures here, he would make political speeches, hold press conferences and engage in a number of other political activities.

At a news conference on September 18, Zheng Wanzheng declared that the Chinese Embassy had expressed "grave concern" to the U.S. Government over the Dalai Lama's planned political activities in the United States and hoped that its Departments concerned would take measures to prevent the Dalai Lama from conducting such activities harmful to China and Sino-U.S. relations.

Opposes Activities

HK221054 Hong Kong AFP in English 1046 GMT
22 Sep 87

[Excerpts] Beijing, Sept 22 (AFP)—China Tuesday condemned the current visit to the United States by the Tibetan spiritual leader the Dalai Lama, saying he was carrying out political activities harmful to Chinese interests. "We categorically oppose his activities abroad that are detrimental to China's reunification and national unity," a Foreign Ministry spokesman said when contacted by telephone. [passage omitted] The Dalai Lama, who fled to India in 1959 after a failed uprising against Chinese rule, charged Beijing Monday with "great violations of human rights and destruction of Tibetan culture." The Tibetan people faced the prospect of disappearing within a short period because of Chinese colonisation, he added. [passage omitted]

The Dalai Lama is to receive the Albert Schweitzer prize in New York for furthering "understanding between mankind," and to meet former U.S. President Jimmy Carter. He told the House caucus that Tibet, invaded in 1951 and later annexed, was threatened by ever increasing Chinese influence. [passage omitted]

Reinstated Editor Liu Xinwu To Visit U.S.

XINHUA Report

OW221226 Beijing XINHUA in English 1208 GMT
22 Sep 87

[Text] Beijing, September 22 (XINHUA)—Writer Liu Xinwu, who has resumed editorship of the "People's Literature" magazine, will fly to the United States tomorrow for a six-week visit, says the "People's Daily" (Overseas Edition) today.

Liu was temporarily relieved of his post in February for self-criticism following the publication in the magazine of the novellette "Show Your Tongue Coating or Nothingness" which was criticised for "vilifying the Tibetan people".

He had his post as editor-in-chief of this influential literary magazine restored in accordance with a recent decision of the Chinese Writers' Association.

He is going to the United States on invitations from the "China Daily News", State University of New York, Columbia University and other organizations.

He plans to meet friends, lecture on the development of Chinese literature from 1978 to 1987 and go sightseeing in New York, Washington, Boston, Chicago, Los Angeles and San Francisco, the paper says.

Hong Kong Account

HK220802 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0735 GMT 21 Sep 87

[Excerpts] Beijing, 21 Sep (ZHONGGUO XINWEN SHE)—After resuming the office of editor in chief of *Renmin Wenxue*, the writer Liu Xinwu will pay a 6-week visit to the United States starting 23 September. Liu will be travelling at the invitation of *America Overseas Chinese Daily*, New York State University, Columbia University, Iowa International Writers' Center, and writer Chen Ruoxi. [passage omitted]

Prior to his visit to the United States, Liu received a circular from the secretariat of the Writers' Association: "Liu Xinwu will resume office and be in charge of the editorial department of *Renmin Wenxue* from 19 September." [passage omitted] It is said that on the third day after his arrival in the United States, he will deliver a speech entitled "Unusually Hard Work Over the Decade" at Columbia University.

Before his departure, Liu told this reporter: As always, *Renmin Wenxue* will continue to support explorations and introduce new, keen writers and their works, provided they are serious creations. Even though they are not accepted for the time being, they will be given a chance to express themselves. "Naturally," he emphasized, "we must draw a lesson and take the social effect of the works fully into consideration." [passage omitted]

Northeast Asia

Better Relations With ROK Rejected

HK220430 Hong Kong AFP in English 0406 GMT
22 Sep 87

[text] Beijing, Sept 22 (AFP)—China Tuesday rejected a call by the president of South Korea's ruling party for better political and diplomatic relations. "We have no bilateral relations with South Korea. China's position on this question is known to all," a Foreign Ministry spokesman said when contacted by telephone.

In Tokyo on Friday, No Tae-u, leader of the ruling Democratic Justice Party (DJP) told Japanese Prime Minister Yasuhiro Nakasone that South Korea's relations with both China and the Soviet Union had improved in the past few years despite the absence of diplomatic relations. "In particular, we would like to improve relations with China, not only in economic exchanges which have shown progress, but also in diplomatic and political aspects," Mr. No said.

Analysts here said China's reaction to such remarks was only to be expected since Beijing would hardly want to annoy its ally North Korea. However, the absence of public and official links has not prevented a discreet rapprochement between China and South Korea based on trade and sporting links, observers noted.

Bo Yibo Meets Japanese Economic Delegation

OW211334 Beijing XINHUA in English 1320 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Bo Yibo, honorary president of the China Council for the Promotion of International Trade, met and gave a dinner in honor of a delegation from the Japan-China Association on Economy and Trade here today.

The delegation is led by Ryoichi Kawai, president of the Japan-China Association on Economy and Trade. Eshiro Saito, chairman of the Japan Federation of Economic Organizations, and Kaheita Okazaki, permanent advisor to the Japan-China Association on Economy and Trade, are senior advisors to the delegation.

Southeast Asia & Pacific

Fang Yi Meets Australian Radio-Astronomer

OW211120 Beijing XINHUA in English 1056 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Chinese State Councillor Fang Yi met and feted Professor M. Christiansen, a noted Australian radio-astronomist, and his wife here today.

Ulanhu Confers With Australian Entrepreneur

HK190419 Hong Kong SOUTH CHINA MORNING
POST in English 19 Sep 87 p 2

[By David Lague]

[Text] Chinese Vice-President Ulanhu this week told Australian tycoon Mr Kevin Parry that reformists were expected to triumph at the 13th National Party Congress next month.

A diplomatic source in Beijing said yesterday Mr Parry had told diplomats that Mr Ulanhu had suggested strongly that reformists would take the top jobs in a party reshuffle.

In an exclusive interview in Hong Kong with the *South China Morning Post* yesterday, Mr Parry, best known for his unsuccessful America's Cup defence in February, said he and Mr Ulanhu had discussed the reshuffle and future reform in talks on Thursday night.

But Mr Parry refused to disclose what specific changes Mr Ulanhu predicted in their hour-long meeting in the Great Hall of the People.

"We received every assurance that he was confident that the reforms would continue and the modernisation drive will continue."

Analysts said Mr Ulanhu's statement was meant to reassure foreign investors that the climate of openness and reforms would continue after the party Congress.

Beijing sources said that Chinese leader Deng Xiaoping appeared to have compromised in a deal with conservatives in his effort to rid the party hierarchy of older men in favour of younger leaders at the Congress.

Under the deal Mr Deng, who has announced he will quit the Politburo Standing Committee of the Communist Party, will stay on as Military Affairs Commission and State Central Military Commission chairman. He will also step down as Central Advisory Commission chairman.

Mr Parry was in Beijing for the first board meeting of a joint venture to build a U.S.\$44 million (about HK\$343 million) media centre in Beijing. A Parry Corporation subsidiary and the Central China Television Corporation, signed the joint venture agreement in January.

West Europe

UK Army Chief of Staff Visits PRC

Meets Xu Xin

OW212350 Beijing Domestic Service in Mandarin
1600 GMT 20 Sep 87

[Text] General Sir Nigel Bagnall, chief of the General Staff of the British Army, and his wife and party arrived in Beijing by plane this morning to begin an official visit to China.

The Chinese Ministry of National Defense held a welcoming ceremony in the square in front of the Military Museum this afternoon. General Bagnall inspected an army guard of honor in the company of Xu Xin, deputy chief of general staff. The latter hosted a dinner for the British guests at the Great Hall of the People this evening.

Meets Yang Dezhi

OW211252 Beijing XINHUA in English 1247 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Yang Dezhi, chief of General Staff of the Chinese People's Liberation

Army, met here this evening with General Nigel Bagnall, chief of the General Staff of the British Army, and his party.

General Nigel Bagnall made a speech at the University of National Defence in the morning and toured the summer palace in the afternoon.

Wang Renzhong Meets Norwegian Delegation

OW211242 Beijing XINHUA in English 1230 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Wang Renzhong, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with a delegation of the Norwegian Storting's Local Government and Environment Committee led by its Chairman John Tveit here today.

Earlier today, Ye Lin, member of the NPC Standing Committee and vice-chairman of the NPC Financial and Economic Committee, held talks with the Norwegian delegation.

On behalf of Wang Renzhong, Ye Lin presided over a banquet in honor of the Norwegian visitors in the evening.

The delegation arrived here Sunday as guests of the NPC Financial and Economic Committee.

Li Yimang Departs for Visit to Italy

OW211806 Beijing XINHUA in English 1518 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Li Yimang, a Standing Committee member of the Central Advisory Commission of the Chinese Communist Party, left here this evening for a visit to Italy at the invitation of the Italian Communist Party.

East Europe

Qiao Shi Meets Polish Judicial Delegation

OW211804 Beijing XINHUA in English 1511 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Qiao Shi, member of both the Political Bureau and the Secretariat of the Chinese Communist Party Central Committee, met with a delegation of the Polish Supreme Board of Control led by Public Prosecutor-General Jozef Zyta here today.

On behalf of president of China's Supreme People's Court Zheng Tianxiang, Vice-President of the Court Ren Jianxin met with the Polish visitors and gave a banquet in their honor this evening.

Student Sentenced for 'Collusion' With AFP
*HK221038 Hong Kong AFP in English 1018 GMT
22 Sep 87*

[Text] Beijing, Sept 22 (AFP)—A Chinese university student accused of "collusion" with an *Agence France-Presse* correspondent to whom he allegedly divulged "state secrets" was sentenced Monday to one year in jail, the *Tianjin Daily* reported Tuesday. The newspaper said the student, Lin Jie, had revealed "important state secrets" to AFP correspondent Lawrence MacDonald, who was expelled from China on January 30.

"The criminal Lin, having properly confessed, benefited from the clemency" of the Tianjin intermediate court, the newspaper said.

Both AFP and Mr. MacDonald have flatly denied Beijing's claims that the reporter had indulged in activities "incompatible with his status as a journalist." Both the French and U.S. Governments had expressed regret at his expulsion.

Mr. MacDonald, an American, was expelled after AFP management refused to comply with a Chinese demand that he be recalled. The Beijing authorities have never furnished proof to support their allegations against the reporter.

Mr. Lin's arrest and Mr. MacDonald's expulsion came after a nationwide wave of protests last December by Chinese students demanding more freedom and democracy.

The arrest was announced on January 25 by the *New China News Agency*, which quoted the Ministry of State Security as saying the student had been in "secret collusion" with the AFP correspondent.

("I find it ridiculous that Mr. Lin should have been sentenced for having allegedly passed 'state secrets' to me," Mr. MacDonald, who is now with AFP in Seoul, said Tuesday. "I would also note that in a country that traditionally metes out much harsher justice to people convicted of such offenses, the one-year sentence, in my mind, shows that the court too did not find the charges very convincing.")

In 1979, Wei Jingsheng, an activist of the "Spring of Beijing" movement for more democracy, was sentenced to 15 years imprisonment on similar charges.

Central Military Leaders Meet Heroes
*OW212341 Beijing XINHUA Domestic Service
in Chinese 0820 GMT 21 Sep 87*

[Text] Beijing, 21 Sep (XINHUA)—Permanent Vice Chairman of the CPC Central Military Commission Yang Shangkun and Deputy Secretaries-General Yu Qiuli and Yang Dezhi warmly received members of a report group of model heroes of the Laoshan frontline this morning and praised them for "having fought a good battle and rendered great service to the motherland and to the people".

This Laoshan frontline model heroes report group consists of 10 members, who have delivered 25 reports since 16 September to some 25,000 audiences in the capital.

Leaders of the Commission of Science, Technology and Industry for National Defense, the General Staff Headquarters, the General Political Department, and the General Logistics Department were present at the meeting.

This morning, Yang Shangkun, Yu Qiuli, and Yang Dezhi also met with comrades attending an all-army roundup and commendation conference on quality inspection of in-stock weaponry and posed for pictures with them as well.

Military Region's Ideological Study Noted
*HK190721 Beijing JIEFANGJUN BAO in Chinese
13 Sep 87 p 1*

[Report by reporter Gao Aisu (7559 5337 5685): "Beijing Military Region Improves Ideological Education To Suit the Situation of Reform and Opening Up"]

[Text] Constant ideological work, a very important but rather weak link in the building of army units at the grass-roots level, has been strengthened in a big way and greatly improved in the Beijing Military Region since the beginning of this year. Constant ideological work is also considered as the follow-up to the reform of political work in grass-roots units. The 35 theses on ideological and political work in grass-roots units and papers summing up the experiences in this field submitted to the Beijing Military Region symposium on ideological and political work in grass-roots units, called on 21 August 1987, demonstrated the vigorous vitality brought about by the reform of ideological and political work in the Army.

After the Beijing Military Region scored rather great progress in classroom education, its Commander Qin Jiwei and Political Commissar Yang Baibing explicitly proposed to the whole military region that it should improve and strengthen constant ideological work in grass-roots units, and do a good job in both the first part and the follow-up of the reform of political education, so that ideological and political work in grass-roots units may be strengthened in an all-round way. The political department under the military region proposed 18 topics for the entire region to study. They were printed and sent to all units, while a large number of work teams were organized, consisting of cadres of the political department of the region down to the army and division levels, to go deep into the grass-roots units to study, explore, and put into practice channels and ways of reform in constant ideological work.

Through practice of the reform in political education, the Beijing Military Region saw: The implementation of the policy of reform, opening up and invigorating the domestic economy has not only brought new problems to the troops in their thinking, but, still more, has added

new vitality in improving and strengthening constant ideological work. They made full use of the various advantageous conditions brought about by the economic structural reform to explore and to study the contents and approaches of education to meet the new situation and new characteristics. The experience of educational reform characterized by the "three-in-one" approach, in which the Army, the family, and society join forces to do ideological work, which has emerged in the new situation of reform, has spread to all grass-roots units in the military region and has become more and more complete and perfect. The forms of activities in the past, including visiting, establishing ties through correspondence, and sending invitations to deliver reports have developed into more open forms, including direct dialogues between young people of the Army and the localities, all kinds of get-togethers, and mutual intellectual support between the Army and localities, while a whole range of educational contents has gradually formed, characterized by "joint efforts in education, the bringing up of new people, administration, and construction." Meanwhile, many difficulties in conducting ideological education under the closed condition of the Army have been resolved.

In conjunction with the general background of reform, political cadres at various levels have studied and explored constant ideological work from different angles. Some army units studied the effects of commodity economy on the ideological work in grass-roots units. Others demonstrated that the reading activities launched in the new situation have opened another new field in ideological education. The militia departments studied the topic of their special function in working in cooperation with the army units in ideological education. Still other army units conducted comprehensive study on "bedside ideological work," which is detailed, varied, and meticulous in quality, and turned the soldiers' bedsides, where magazines and letters from home are placed, chats are held, and ideas are active, into a front occupied by ideological work. Actively, they made use of various channels to nurture the healthy sentiments and pursuits of the soldiers, characterized by seeking truth from facts and the pursuit of knowledge, happiness, and beauty at different levels, to eventually attain the general target of ideological and political education during the new historical period, namely, that of bringing up revolutionary soldiers, "who have lofty ideals, high morals and good cultural standards and discipline."

To carry out reform on the basis of inheriting traditions, and to better carry forward the Army's tradition in ideological education is the important principle followed by the Beijing Military Region in studying the improvement and strengthening of constant ideological work in grass-roots units. In restudying and exploring the educational approach of holding heart-to-heart talks as an army tradition, a certain division made the following suggestions to its political cadres on improving such talks: It is necessary to cultivate the style of immersing oneself among the masses in conducting heart-to-heart talks; such talks should be conducted on an equal basis,

without the cadres putting on airs; they should be carried out with full preparations in a planned and organized way, and achieve penetrating effects by starting from superficial things and gaining a mastery of the topics through comprehensive study. In the activities of holding heart-to-heart talks this year, the grass-roots cadres of this division have made around 100 constructive proposals to leaders at various levels, while 64 cadres at company and platoon levels have eliminated their misunderstandings with leaders at regiment and battalion levels.

"The establishment of systems should guarantee that the work is done constantly." While improving and strengthening constant ideological work in grass-roots units, the Beijing Military Region has paid attention to exploring how to guarantee constant ideological work by systems. Many units have drawn up a system of ideological analysis, a system of forecast and precaution, a system of conducting heart-to-heart talks with individual soldiers, a system of division of labor with individual responsibility, a system of examination and supervision, and the necessary policy regulations; these systems and regulations have been constantly revised and made complete and perfect.

Retired Cadres Work Meeting Closes

OW210803 Beijing XINHUA Domestic Service
in Chinese 1314 GMT 20 Sep 87

[By reporter Hu Qinghai]

[Text] Shijiazhuang, 20 Sep (XINHUA)—This reporter has learned from a meeting which ended today to exchange experience in veteran cadres work, that since the structural reform in 1982, in order to set an example in abolishing the lifelong tenure system for leading cadres, a large number of veteran cadres have stepped down from their leading positions. Of the 2.18 million veteran cadres qualified for retirement at the end of 1986, 1.37 million have already retired. The standards for post-retirement political treatment and living conditions for an overwhelming majority of the retirees have been met.

Over the past several years, the party Central Committee and the State Council have issued a series of documents geared toward gradually perfecting the veteran cadres work system. Organs at various levels have established and improved the document-reading system for veteran cadres and have periodically organized retired cadres to listen to reports on current situations. Various localities have also solved housing, medical treatment, and other problems for retired cadres. According to incomplete statistics, the housing space for over 75 percent of the nation's retired cadres basically meets the prescribed state standards. The number of sickbeds for veteran cadres is also increasing each year. The number of automobiles assigned by the various provinces for the exclusive use of veteran cadres has reached over 28,000. Some provinces have bought ambulances and vans to ensure proper transportation for sick calls, reading sessions, or the official business of retired cadres. The

number of "homes of veteran cadres" to provide recreation and other cultural activities for retired cadres has increased to over 24,000.

The meeting to exchange experience in veteran cadres work held in Cangzhou, Hebei, was sponsored by the Organization Department of the CPC Central Committee. With the exception of Xizang, responsible persons of veteran cadres bureaus from 28 provinces, autonomous regions, and municipalities, as well as responsible comrades of the Veteran Cadres Bureau of the Ministry of Labor and Personnel, attended the meeting. Comrades attending the meeting heard a report by the responsible person of the Veteran Cadres Bureau of the Cangzhou prefectural party committee, introducing experience in doing veteran cadres work and visiting veteran cadres recreation rooms, hospital wards, and housing in some organs, counties, and townships in Cangzhou Prefecture and Cangzhou City.

Meng Liankun, deputy director of the Organization Department of the CPC Central Committee, spoke at today's closing session. He called on the localities to earnestly implement the party and state principles and policies on veteran cadres work and to do a good job in meeting the retired cadres' political and other needs in life. He urged everyone to do a good job in settling retired cadres from old revolutionary bases, frontier regions, impoverished areas, and basic level units below the county level, as well as from enterprises that have incurred losses. He further called on the participants to adopt various methods and tap various channels to bring the role of retired cadres into play, improve the work of departments responsible for veteran cadres work, recruit retired cadres to participate in management work, continuously sum up experiences, and study new problems, thereby making veteran cadres work more suited to the needs of reform.

Report on Developing Productive Forces

HK210517 Beijing LIAOWANG in Chinese No 36,
7 Sep 87 pp 4-7

[Report: "Developing the Productive Forces Is Our Central Task"—compiled by staff reporter]

[Excerpt] Editor's note: Through bringing order out of chaos since the 3d Plenary Session of the 11th CPC Central Committee, the party has shifted its work focus, and developing the productive forces has become the central task of the party and the people. This principle is a correct principle laid down in the light of China's national conditions during the initial stage of socialism. Correctly and profoundly understanding this principle has very important bearings on reaching unanimity of understanding and action in the entire party and among the people. On 29 August, the Liaowang editorial department invited some of those engaged in theoretical, propaganda, and economic work in Beijing to a seminar to discuss this important issue. We now publish abstracts of their speeches at the seminar. [end of editor's note]

Wang Jue (professor in the senior party school of the CPC Central Committee):

Our central task is to develop the social productive forces. It is significant for us to discuss and thoroughly understand this problem.

Our socialist society has emerged from a semifeudal and semicolonial society through the new democratic revolution. The fundamental problem is that the productive forces are still at a very low developmental level and are uneven. After scoring victory in the new democratic revolution, we began to engage in the transition to socialism. We should say that, at that time, the party took the work of developing the productive forces seriously. During the "transitional period," it suggested introducing industrial modernization. The term used at that time was "one modernization and three transformations," with the focus on industrial modernization. This shows that at that time, our party already had a certain understanding of the development of the productive forces. Practice proved that there was improvement in China's productive forces. During the First 5-Year Plan, China formed a socialist industrial system and a national economic system. There was development in the cultural and educational fields and marked improvement in the people's standard of living.

However, problems cropped up during the basic completion of the "transitional period." At that time, as the socialist system had already been established, efforts should have been concentrated on developing the productive forces so as to consolidate the socialist economic base and perfect the socialist system. The Eighth Party Congress pointed out that the main contradiction in society was the contradiction between the backward productive forces and the people's material and cultural needs. The basic spirit of this idea was correct, because it was aimed at developing the productive forces and meeting the people's needs. But not long afterward, China put forward the "three banners" of the Great Leap Forward, the people's commune, and the general line. The Great Leap Forward ended in failure. The basic idea of the Great Leap Forward was correct; it was aimed at developing the productive forces. But we were overanxious for quick results. This was where the mistake lay. Moreover, after the Eighth Party Congress, we did not make a good study of the strategic principle for developing the productive forces. What measures did we take to develop the productive forces? An important one was "taking steel as the key link"; running industry was aimed at developing the steel industry. This measure did not work, of course. But we did not seriously sum up the reason for the failure. Instead, we changed our guidelines, thinking that socialist construction should rely on class struggle rather than on production. This brought about a "leftist" turn in our guidelines, and this "leftist" mistake lasted for 20 years. During these 20 years, "class struggle was taken as the key link," thus putting the development of the productive forces in a secondary position, discarding the principle initiated by the Eighth Party Congress for solving the principal contradiction, and deviating from China's specific conditions and the basic principles of Marxism.

The approach was aimed at developing socialism by introducing a direct, mandatory planned economic mode. This was a manifestation of the "leftist" principle in the economic field. This socialist economic mode directly excluded the development of the socialist commodity economy and regarded the commodity economy as a capitalist economy. This meant abandoning the development of the productive forces. The direct, mandatory, planned economic mode seemed like a socialist economic mode but was in fact divorced from the actual conditions for developing the socialist productive forces. The more public the nature of ownership the better, because this would facilitate state management. Practicing a mandatory planned economy and requiring the ownership system to be complete, large, and pure all led to the formation of a single ownership system by the whole people. This ownership system excluded all other forms of ownership. As to the collective economy, a method of "transition to a higher form of public ownership on the basis of the same low level of productive forces" was introduced to it in the hopes of shifting to the form of ownership by the whole people as early as possible. As a matter of fact, the "large collectives" in cities were run under the ownership system by the whole people, as were the rural people's communes. Why were they run in such a way? This was because we thought that the socialist economic mode was a direct, mandatory, and planned economic management mode with which the socialist economy would be formed. What was the actual situation in socialist production? What were the requirements for its development? These questions were cast aside. In matters of distribution, we thought that the more equal and centralized our distribution was, the more rational it would be. Therefore, production materials were distributed by the state, and there were no commodities. This distribution mode played a positive role and produced effective results during the war years. It also worked during the initial stage of the founding of the PRC, as at that time the country was concentrating its financial and material resources on industrialization. Following the further growth of the productive forces, however, it began to hamper and even ruin their development. As Comrade Deng Xiaoping put it, the 20 years of socialist construction were 20 years of stagnation. After the 3 years of natural calamities, we called for restoring the country's economy to the "best historical period," and after the Cultural Revolution, we again called for restoring the country's economy to the "best historical period." The "best historical period" refers to the year 1957. Was it not precisely 20 years of stagnation? This was because after 1957, we began to deviate from the correct path of developing the productive forces!

Taking the development of the productive forces as the central task is a correct principle laid down in the light of China's national conditions. Practice since the 3d Plenary Session of the 11th CPC Central Committee has proved that during the initial stage of socialism, the party should take the development of the productive forces as its central task and economic modernization as

its fundamental task. This corresponds to China's national conditions and the fundamental interests of the Chinese people, because the prosperity of the country and the people, the development of science and culture, the consolidation of public ownership and the people's democratic dictatorship, as well as the bringing into play of the strong points of socialism, are all determined by the development of the productive forces.

To develop the productive forces and bring about socialist modernization, it is necessary to carry out reforms. A rigid economic mode has taken shape over the last 20 years. This is the direct, mandatory planned economic mode. The political structure which was formed on the basis of this mode is, naturally, characterized by an overconcentration of powers. The existing political and economic structures are seriously hampering the development of the productive forces. To develop the productive forces, there is no alternative but to thoroughly reform the political and economic structures. The principal social contradiction now is that the political and economic structures do not suit the development of the productive forces. This contradiction is a manifestation of the contradiction between the socialist productive forces and production relations. Without reforms, we would have retrogressed to the level of 20 years ago.

The line laid down by the 3d Plenary Session of the 11th CPC Central Committee is correct because it suits China's actual conditions. Comrade Deng Xiaoping said that our fundamental task is carrying out economic construction without slackening our efforts. This is completely correct.

Gui Shiyong (assistant chief editor of *Renmin Ribao*):

The fundamental point of bringing order out of chaos in the ideological and theoretical fields since the 3d Plenary Session of the 11th CPC Central Committee is to reconsider how to carry out socialist construction. As China is still in the initial stage of socialism, its fundamental task is to develop the social productive forces. This is the basic conclusion drawn from such reconsideration.

This conclusion is diametrically opposed to the erroneous theory of "taking class struggle as the key link." We have established the basic political and economic systems. The principal contradiction we now face is no longer a class contradiction but the contradiction between the backward productive forces and the people's material and cultural needs. Only when we concentrate our efforts on developing the social productive forces and carry out modernization can the people get rid of poverty, can the country advance toward prosperity, and can the strong points of the socialist system be brought into full play. In the late 1950's, we had already accepted the basic fact that China had eliminated the system of exploitation and entered socialist society. However, we still took class struggle as the key link and belittled and even negated the importance of developing the productive forces, which gave rise to frequent political movements, brought about economic stagnation, and hampered social development. This lesson is quite profound.

This conclusion is also opposed to the theory that views and handles production relations and the superstructure as being separate from the productive forces. As the social productive forces are still at a very low level, the production relations and superstructure during the initial stage of socialism are also in their initial stage and immature. On the one hand, many of their aspects still bear the imprints of semifeudal and semicolonial society; on the other, many mechanisms, organizations, and norms should be formed in line with the basic principles of socialism and the requirements for large-scale socialized production. The work of substituting the new for the old or, in other words, the process of socialism gradually advancing toward maturity, relies, in the final analysis, on the development of the social productive forces. If class struggle is the midwife of a new society, then the main support for the consolidation and growth of the new society is the development of the social productive forces. History has determined that we must carry out the modernization of production under socialist conditions and that we can allow socialism to gradually mature only in the process of the modernization of production. Without persisting in socialism, it would be impossible to bring about the modernization of production in China; and without the modernization of production, it would be impossible to make socialism a success. Therefore, we can say that developing the productive forces is a fundamental requirement for adhering to the four cardinal principles. Only by adhering to the four cardinal principles can we blaze a trail for developing the productive forces. Carrying out socialist construction without developing the productive forces and handling problems in production relations and the superstructure as separate from the development of the productive forces do not really help the building of socialism but harm it instead.

This conclusion is a basic point in determining that we must carry out reforms and open up to the world. When socialism is in its initial stage, it is immature in many aspects. To allow socialism to promote the productive forces and to enable itself to advance toward maturity along with the development of the productive forces, reforms must be introduced. Reforms are even more important and urgent for us because the erroneous "leftist" tendency of the past has given rise to a rigid economic structure, and a political structure characterized by overconcentration of powers has existed for a long time as a result of the formation of the rigid economic structure. Without reforming these two structures, it will be very difficult for us to further emancipate the productive forces. Therefore, it is our duty to "develop" and "correct" our reforms. Socialism can be built only on the basis of utilizing the achievements of capitalist civilization. But we are now engaged in socialist construction by skipping over the fully developed capitalist stage. This makes it even more necessary for us to unswervingly open up to the world, so that we can learn advanced foreign technology and absorb their managerial experiences and other cultural achievements, with the aim of speeding up socialist modernization.

In conclusion, the theory concerning the initial stage of socialism is the scientific basis for the line laid down by the 3d Plenary Session of the 11th CPC Central Committee on building socialism with Chinese characteristics. A conscientious study of this theory will enable us to implement the party's line more consciously, to have a better understanding of the central task and the two basic points, and to avert and resist obstructions from both the "leftist" and rightist tendencies. [passage omitted]

Article Views Changing Individual Economy
HK211400 Beijing GUANGMING RIBAO in Chinese
12 Sep 87 p 3

[Article by Hua Daozeng (5478 6670 1073): "The Individual Economy Should Not Be Changed at Random"]

[Text] Our country's individual economy has developed enormously since the 3d Plenary Session of the 11th CPC Central Committee. Its defects and negative factors have also been shown one after another in the wake of its fast development. Under these circumstances, the call for gradually leading the individual economy to the road of cooperation becomes louder and louder, as though change is inevitable. However, after soberly and repeatedly considering the question, I find that it is not necessary to change the individual economy.

There Is the Objective Necessity for the Individual Economy To Exist [subhead]

The existence and development of the individual economy as a form of ownership at the present stage in our country are determined by various factors. The main factors are: 1) the multiple tiers and imbalance of the conditions of productivity; 2) the diversification of the economic sector at the initial stage of socialism; 3) the difference in economic results between various economic patterns; and 4) the various functions of the individual economy. These four factors change along with the changing times and social economic conditions. Whatever the changes, it is impossible for these factors to change or vanish at the same time. For this reason, there is the objective necessity for the individual economy to exist and develop at present and even for some time to come.

Judging by practice, the individual economy is a rather active economic force. To meet the social needs, it organizes flexibly, promptly and by the optimization method the decentralized production factors, such as funds, techniques and labor, and continuously turns them into new productive forces, which actively contribute toward developing commodity production, absorbing surplus labor, increasing social wealth, enlivening commodity circulation, conducting competition, and encouraging some people to get rich before others. In its policies, therefore, the party reiterates the long-term stability of the individual economy and encourages support for the initiative of the individual producers.

The development of the individual economy has in fact brought about some defects. The consequences will be serious if it is allowed to develop unbridled. How should

it be managed and guided? Should it be led to the road of cooperation by means of administrative measures? Or, should it be led to gradual improvement and development by bringing the regulatory role of market mechanism and economic levels into play and by abolishing what is harmful and promoting what is beneficial? We can only adopt the latter policy. The reason is that once the individual economy is led to the road of cooperation, this by no means involves only readjustments in the form of labor but, still more important, effects partial changes in the relations of production. The changes in the relations of production, especially changes in ownership, can only be the results of the development of productive forces at a certain stage. The establishment of socialist public ownership in our country is the result of the adaptation of the relations of production to the nature and law of the productive forces. Similarly, in adopting the kind of structure of socialist ownership and deciding the direction of development and form of business operation for enterprises under different kinds of ownership, it is necessary to adapt the relations of production to the nature and law of the productive forces.

Small-Scale Production by Individuals and Large-Scale Production by Means of Machines Are Not Contradictory to Each Other [subhead]

Some people said in the past that the individual economy is a form of small-scale production which can only be related to the backward productive forces engaged in manual operations, and it will be eliminated once production is carried out on a large scale by means of machines. In fact, with the unprecedented development of production by means of machines, the individual economy as a kind of small-scale production shows no sign of being eliminated but, on the contrary, tends to coexist with and prosper alongside large-scale production by means of machines.

Theoretical research and concrete practice show the following five [number as published] reasons for this:

First, social production has the strength of continuing from generation to generation. It has the characteristics of being critical and being revolutionary, as well as being carried out continuously and being handed down from generation to generation. Its first two characteristics demand the establishment of new relations of production compatible with social production. Its last two characteristics allow it to retain its economic form and mode of business operations after new relations of production have been established. This is the principal theoretical basis on which small-scale production as represented by the individual economy can coexist and develop together with the socialized large-scale production characterized by the large-scale production conducted by means of machines.

Second, the fast development of modern science and technology as well as division of labor has made it possible on the one hand to centralize social production

at a higher level and on an ever greater scale and, on the other hand, to bring social production back to the orbit of being conducted on a small scale and in a decentralized way. These two aspects seem to be contradictory to each other and mutually exclusive. Actually, this is an expression of the large-scale production and the small-scale production mixing with and infiltrating each other and developing together. The reason is that, with the development of specialization in production and division of labor, it is absolutely necessary to replenish the various parts of the big "machine" of socialized production with large quantities of "screws" and "spare parts and components"—small and medium-size enterprises. This is another important theoretical basis for the coordinated operations of the large-scale production by means of machines and the small-scale production by individuals.

Third, small-scale production no longer has its original meaning. Lashed by the waves of reform, the traditional small-scale production has gone slowly out of the small circle of selfishness, seclusion, and conservatism and, at the same time, begun to imitate the large-scale production and absorb its experience of valuing science and technology and relying on information, thereby winning the space for its existence and development under the condition whereby the socialized large-scale production occupies the leading position, and displaying the special function of the "small" in supplementing the "large."

Fourth, the emergence of the global economy which is increasingly competitive in nature is fiercely pounding at the large-scale enterprises which are occupying a dominating position in the economic structure. This enables a large number of flexible and "shock-absorbing and risk-reducing" small enterprises to rise quickly. As a result, there is suitable "climate" and "soil" for large-scale production and small-scale production to display their own superiorities in the social and economic spheres.

The Existence of the Individual Economy Has Added New Color to the Building of Socialism With Chinese Characteristics [subhead]

Formerly, we paid much attention to differentiating the individual economy from socialism and seldom linked them together. In practice, the development of the individual economy and the building of socialism with Chinese characteristics are not contradictory to each other. The reason is that building socialism with Chinese characteristics means "integrating the universal truth of Marxism with the concrete practice in China and taking our own road," and the development of the individual economy is determined precisely by the concrete practice in our country. China is a developing socialist country, where the productive forces are obviously multi-tiered and the relevant structure of socialist ownership cannot but be multi-tiered. As regards socialism, the conspicuous characteristics are the public ownership of means of production and the policy of distribution according to work. As regards socialism with Chinese characteristics, the individual economy and other economic forms coexist with the public ownership. Thus, the individual

economy can be called a component of the building of socialism with Chinese characteristics. Its existence adds new color to socialism in our country. If we take this approach, we should not have jumped to the conclusion of leading the individual economy to the road of cooperation.

Regulations on Price Control Promulgated
OW202339 Beijing XINHUA Domestic Service
in Chinese 2359 GMT 18 Sep 8

[Text] Beijing, 19 Sep (XINHUA)—Regulations on Price Control of the People's Republic of China.

(Promulgated by the State Council on 11 September 1987)

Chapter I. General Provisions

Article 1. These regulations are formulated for the purpose of implementing the state's principles and policies on prices, strengthening price control, maintaining the basic stability of market prices, stabilizing the people's daily life, ensuring the smooth progress of economic structural reform, and stimulating the development of the planned commodity economy.

Article 2. Price control shall be aimed at protecting the legitimate economic interests of producers, dealers, and consumers and properly handling the economic relationship between central and local authorities and the various departments and enterprises under the premise of safeguarding state interests.

Article 3. To control prices, the state adopts the principle of combining direct administration and indirect control and institutes three kinds of prices, namely, the state-fixed price, the state-guided price, and the market-regulated price.

Article 4. The state implements a system of unified leadership but administration at different levels in dealing with pricing work.

Price-control organs (hereinafter referred to as commodity price departments) of people's governments at all levels, competent work departments of people's governments at all levels, and price-control organs of enterprises and institutions as well as their personnel shall strictly abide by the state's pricing laws, regulations, and policies and strive to make a success of the work of price control and supervision.

Chapter II. Establishment and Control of Prices

Article 5. Prices referred to in these regulations shall include:

- (1) Prices of all commodities;
- (2) Standard service charges for various operations (hereinafter referred to as standard charges).

Article 6. The component parts of a commodity price shall include the average cost for producing the commodity, tax, profit, and normal commodity-circulation expense.

Article 7. In formulating or adjusting commodity prices belonging to the category of state-fixed prices or state-guided prices, it is necessary to make them close to the commodity's value, reflect the supply-and-demand situation, meet state policy requirements, and comply with the following principles:

- (1) A reasonable ratio shall be maintained between prices of various commodities;
- (2) There shall be a clear-cut quality or grade standard, and the price shall be based on quality;
- (3) Under the premise of having a minimum of intermediate links and a minimum expense for the circulation of the commodity, there shall be a reasonable differential between buying and selling price, wholesale and retail price, and the price in different localities and in different seasons.

Article 8. State-fixed prices are commodity prices and standard charges established by the commodity-price departments and competent work departments of people's governments above the county level (including the county level; the same applies below) on the basis of state-designated authority.

State-guided prices are commodity prices and standard charges established by enterprises under guidance provided by commodity-price departments and competent work departments of people's governments above the county level on the basis of state-designated authority by establishing the basic price, the scope of fluctuation, the rate of price differentials, the rate of profit, the ceiling price, and the protective floor price.

Market-regulated prices are commodity prices and standard charges established by producers and dealers.

Article 9. Lists of commodity price and service charges belonging to the category of state-fixed prices and state-guided prices under the various levels of administration shall be worked out or adjusted by the state commodity-price department and by the commodity-price departments of provincial, regional, and municipal people's governments authorized by the state commodity-price department.

Article 10. Establishment and adjustment of commodity prices and standard charges shall be based on authority designated by the state and follow procedures set by the state. No locality, department, unit, or individual shall be allowed to establish or adjust commodity prices or standard charges beyond their designated authority.

Article 11. The competent work departments of the State Council and local people's governments at all levels shall acquire timely information regarding commodity prices

on the market and, through state-owned industrial and commercial enterprises, supply and marketing enterprises, and supply and marketing cooperatives, arrange for the supply of commodities and take part in regulating the market so as to keep down market prices of commodities. Whenever there are steep rises or drops in market-regulated prices, commodity-price departments may set a ceiling price or a protective floor price for certain commodities and implement a system of reporting price rises within a given period.

Article 12. Commodity-price departments shall strengthen control and supervision over prices at city and rural trade fairs and over prices charged by individually owned workshops and stores.

Chapter III. Responsibilities in Price Control

Article 13. The state's commodity price departments undertake the following responsibilities for price control. They shall:

- (1) Study and work out the state's pricing principles, policies, and plans, as well as a price reform program, and organize efforts to implement the former after obtaining the State Council's approval;
- (2) Study and draw up drafts for decrees on prices;
- (3) Undertake responsibility for exercising price control and ensuring overall balance throughout the county;
- (4) In line with their authority over price control, stipulate the principles and methods for setting commodity prices and service fees, and formulate, and readjust, commodity prices and service fees in their charge. In setting and readjusting important commodity prices and service fees, the State Council's responsible department in the relevant field of endeavor should be consulted before reporting to the State Council for approval;
- (5) Guide and supervise price-related work in the State Council's responsible departments in various fields of endeavor, and of the provincial, autonomous regional, and municipal people's governments; and investigate and deal with activities in violation of pricing decrees and policies (hereinafter referred to as illegal pricing activities);
- (6) Coordinate efforts and handle pricing disputes between the State Council's responsible departments in various fields of endeavor; among provinces, autonomous regions, and municipalities; and between the State Council's responsible departments in various fields of endeavor on the one hand, and the provinces, autonomous regions, and municipalities on the other;
- (7) Establish a nationwide price information network and provide related services accordingly;
- (8) Assume other responsibilities placed on them by the State Council.

Article 14. The State Council's responsible departments in various fields of endeavor assume the following responsibilities in price control. They shall:

- (1) Assume responsibility for organizing and supervising their respective departments and trades in implementing the state's pricing principle, policies and decrees;
- (2) In line with their authority in price control, stipulate the principles and methods for setting commodity prices and service fees, and formulate and readjust commodity prices and service fees under their charge;
- (3) Organize and supervise their respective departments and trades in implementing the fixed commodity prices and service fees;
- (4) Guide price-related work in their respective departments and trades, coordinate efforts, handle pricing disputes within their respective departments and trades, and assist price inspection institutions in investigating and handling illegal pricing activities;
- (5) Present relevant documents and a price readjustment plan vis-a-vis commodity prices and service fees controlled by state commodity price departments;
- (6) Establish a price information network for their respective departments and trades, and provide related services accordingly.

Article 15. Commodity price departments in the provincial, autonomous regional, and municipal people's governments assume the following responsibilities in price control. They shall:

- (1) Implement the state's pricing principles, policies, and decrees;
- (2) Organize and supervise departments concerned in implementing commodity prices and service fees formulated by the state commodity prices departments and the State Council's responsible departments in various fields of endeavor;
- (3) Be responsible for exercising price control and ensuring an overall balance in their respective localities, formulate a draft of the local pricing plan, together with the departments concerned, and organize efforts to implement the plan after obtaining approval;
- (4) In line with their authority over price control, stipulate the principles and methods for setting commodity prices and service fees, and formulate, and readjust, commodity prices and service fees under their charge. Formulation and readjustment of important commodity prices and service fees should be reported to the provincial, autonomous regional, and municipal people's governments for approval, and a report should be submitted to the state's commodity price departments and the State Council's responsible departments in the relevant field of endeavor for the record;

(5) Guide and supervise price-related work by responsible departments in various fields of endeavor at the same level, by people's governments at the lower levels, and by enterprises and establishments in their localities; and investigate and deal with illegal pricing activities;

(6) Coordinate efforts in handling local pricing disputes;

(7) Establish a local price information network and provide related service accordingly;

(8) Assume other responsibilities placed on them by the provincial, autonomous regional, and municipal people's governments.

Article 16. The responsibilities in price control of responsible departments in various fields of endeavor under the provincial, autonomous regional, and municipal people's governments, and of commodity prices departments and responsible departments in various fields of endeavor under the city and county people's governments, shall be stipulated by the provincial, autonomous regional, and municipal people's governments, in accordance with relevant provisions in this chapter.

Chapter IV. The Rights and Obligations of the Enterprise Regarding Prices

Article 17. The enterprise enjoys the following rights regarding prices:

(1) Set prices and service charges for commodities and services belonging to the state-guided price category, in accordance with the relevant regulations;

(2) Set prices and service charges for commodities and services whose prices are subject to market regulation;

(3) Raise, within the extent prescribed by regulations, the prices of high-quality commodities, deemed as such by the relevant departments, having acquired approval for a higher price from the pricing departments, setting prices for liquidating damaged or substandard commodities in line with their authority;

(4) Set the trial sale price for new commodities for the state-prescribed period;

(5) Submit suggestions regarding setting and readjustment of commodity prices and service charges belonging to the categories of state-fixed and state-guided prices.

Article 18. The enterprise has the following obligations regarding prices:

(1) Abide by the state principles, policies, and regulations on prices, and implement the state-fixed and state-guided prices;

(2) Truthfully report price information to higher authorities concerning the commodities and service charges belonging to the categories of state-fixed and state-guided prices;

(3) Subject itself to the administration and supervision of the price departments, and honestly submit cost, account books, and other information essential for price inspection;

(4) Comply with the system adopted by the price departments for reporting commodity prices and service charges to higher authorities for the record;

(5) Retail, catering, and service trades must mark their prices in accordance with regulations.

Article 19. Regulations of the rights and obligations of institutions and individual industrial and commercial establishments regarding prices shall be formulated in reference to Articles 17 and 18 of these regulations.

Chapter V. Price Supervision and Inspection

Article 20. The price inspection organs of the price departments at all levels shall exercise their duty and powers of conducting price supervision and inspection, and dealing with violations, in accordance with the law. They shall supervise and inspect the implementation of price regulations and policies by the operational and competent departments under the people's government at the same level; people's governments at lower levels; and enterprises, institutions, and individual industrial and commercial establishments under their jurisdiction.

Article 21. Price inspection departments are subject to the operational guidance of higher price inspection organs. Prior approval must be acquired from the next higher price department for the appointment and removal of the principal responsible officials of the local price inspection organs at different levels.

Article 22. Price inspection organs shall enlist the help of the masses in price supervision and inspection, and carry out mass price supervision and inspection activities by setting up workers' and mass price supervision centers in cooperation with trade union and neighborhood offices.

Price departments shall bring into play the role of associations of consumers in supervising prices, and investigate and deal with price violations reported by the associations in accordance with the law.

Article 23. Mass price inspection organs should focus their attention on the price of consumer goods and service charges essential to the daily livelihood of the people.

Personnel of the mass price supervision organ shall wear badges and produce inspection cards while conducting price supervision and inspection.

Article 24. Local people's governments at all levels shall exercise effective leadership over price supervision and inspection work, and organize relevant departments and representatives of society to supervise and inspect, on a regular or irregular basis, implementation of the pricing regulations and policies.

Article 25. Industrial and commercial administration, auditing, financial, taxation, public security, standardization, weights and measures, and banking departments shall actively cooperate with price inspection organs in supervising and inspecting prices, and in dealing with price violations

Article 26. Any unit or individual has the right to report price violations to the authorities. Price inspection organs shall keep the identity of the informant secret and, in accordance with regulations, reward the informant and other people who have made contributions to the investigation of price violations.

Rewards shall be given, in accordance with regulations, to personnel of the mass price inspection organs who have performed meritorious service.

Article 27. Those retaliating against individuals reporting price violations or helping the authorities with investigation of price violations shall be punished in accordance with the law.

Article 28. Price inspection personnel must perform their duties in accordance with the law. Price inspection personnel abusing their position and powers, accepting bribes, committing irregularities, engaging in embezzlement, or neglecting their duty shall be punished in accordance with relevant state regulations. Those whose offenses are serious shall be referred to judicial organs for investigation of their criminal responsibility.

Chapter VI. Punishments

Article 29. The following acts constitute price violations:

- (1) Failure to comply with state-fixed prices in purchasing or selling commodities, or in collecting charges;
- (2) Setting or readjusting commodities or service charges in violation of the principles of state-guided prices and service charges;
- (3) Raising prices by upgrading the quality of commodities or forcing prices down by downgrading commodities;
- (4) Selling means of production produced according to the state plan at higher prices than those produced outside the plan, in violation of regulations;
- (5) Selling rationed commodities earmarked for urban residents at negotiated prices;
- (6) Raising selling prices at each level, in violation of regulations;
- (7) Soliciting extra payments under any pretext;
- (8) Raising commodity prices or service charges in a disguised way, by substituting substandard commodities as high quality, giving short measurement, and lowering quality;

(9) Adoption of monopoly prices through consultation among enterprises and trade organizations;

(10) Failure to comply with the system requiring price increases to be reported to the authorities;

(11) Failure to mark prices openly;

(12) Leaking out state pricing secrets;

(13) Other acts violating state price regulations and policies.

Article 30. When deciding punishment for violation of any of the offenses listed in the preceding article, price inspection organs shall mete out, on the basis of the circumstances, the following punishment:

(1) Circulating a notice of criticism;

(2) Instructing the violators to return their illegal income to the purchasers or consumers;

(3) Illegal income, which cannot be returned, shall be confiscated by the price inspection organs;

(4) Imposing fines;

(5) Requesting industry and commerce administrative departments to have licenses revoked;

(6) Imposing a fine on the person directly responsible for the offense, and the person in charge of the enterprise or institute. Pricing inspection organs may also recommend that the relevant departments take disciplinary action.

Two or more of the preceding punishments may be imposed simultaneously.

Article 31. For those refusing to turn in their illegal income or pay the fine, price inspection organs may, in accordance with relevant regulations, notify the bank where the offender keeps an account to transfer the money from his account. For those who do not have a bank account, or do not have money in their account, price inspection organs have the authority to sell off their commodities to collect the money.

Units or individual industrial and commercial establishments which have received punishment shall deduct the returned or confiscated illegal income from the annual sales or business revenues of the year in which the cases are concluded. Enterprises and institutions shall pay the fine from their own funds, the budgetary funds, or the extrabudgetary funds.

Article 32. Units or individuals refusing to accept the punishment may submit a request for reconsideration to the price inspection organ at the next higher level within 15 days of receipt of the notification of punishment. The price inspection organ at the next higher level shall make a decision on reconsideration within 30 days of receipt

of the request. During the period of reconsideration, the original punishment decision shall still be enforced. Those who do not want to accept the decision made after reconsideration of their cases may file a suit with the People's Court within 15 days of receipt of the notification of the decision on reconsideration.

Article 33. If the state commodity-price department finds a mistake in the punishment decision put into force by a price inspection organ at any level, or if a high-level price inspection organ finds a mistake in the punishment decision put into force by a lower-level price inspection organ, the state commodity price department or the high-level price inspection organ has the authority to correct the mistake, or to instruct the price inspection organ concerned to reopen the case.

Article 34. Those rejecting or obstructing the performance of duty by price inspection personnel according to the law shall be punished by the public security organ in accordance with the "Regulations Governing Offenses Against Public Order of the People's Republic of China." If the case is serious enough to constitute a crime, it shall be dealt with by the judicial organ to determine the criminal liability according to the law.

Article 35. If a commodity-price department or a competent work department of the people's government at any level, or its personnel, have gone beyond the limit of their authority, or have violated the established procedures in setting or adjusting commodity prices, or the standards for charges, the commodity-price department at the higher or the same level shall be responsible for correcting the case, and for pursuing the responsibility of the personnel concerned on the basis of its power of cadre management.

Those who have divulged state secrets regarding commodity prices shall be investigated to determine their liability according to the law.

Chapter VII. Supplementary Provisions

Article 36. Commodity-price departments shall control and supervise administrative and operational charges in accordance with the state price principles and policies and, together with the departments concerned, establish the standards for such charges.

Article 37. Control over prices set by enterprises established in our country with foreign investment shall be conducted in accordance with the relevant state regulations.

Article 38. The State Administration of Commodity Prices shall be responsible for interpreting these regulations. The detailed provisions on the implementation of these regulations shall be worked out by the State Administration of Commodity Prices.

Article 39. These regulations shall be implemented from the date of promulgation. The "Provisional Regulations Governing Commodity Prices," promulgated by the State Council on 7 July 1982, shall be rescinded simultaneously.

Poor Areas Make Big Progress Due to Reform

OW201341 Beijing XINHUA Domestic Service
in Chinese 0237 GMT 20 Sep 87

[By reporter Wang Man]

[Excerpts] Beijing, 20 Sep (XINHUA)— After 8 years of reforms, the number of poor families in China's rural areas has drastically dropped while some hard-working people have become well-to-do there. In 1986, poor rural families accounted for 11.3 percent of the total number of peasant families, while they accounted for 61.6 percent of the total in 1980.

According to statistics compiled recently by the department concerned, the total rural social output value of 664 major poor counties in China amounted to 107.01 billion yuan in 1986, with a net per-capita income of 217.8 yuan among peasants. The 1986 per-capita income increased by 157.5 yuan, or 260 percent, as compared with the 1980 per-capita income of 60.3 yuan. [passage omitted]

In 1986, the total agricultural output value of China's poor regions was 57.45 billion yuan, up 47.6 percent from 1980, representing an average annual increase of 6.7 percent. [passage omitted]

The State Council's leading group for economic development in poor areas pointed out: Although development in poor regions has been faster than in other regions in China in recent years, the poor regions are still way behind developed regions economically. At present, there are still nearly 100 billion low-income people in China, and about 40 million of them have not yet solved the problem of meeting their basic needs in food and clothing. Therefore, it is still necessary for us to make long and arduous efforts to completely wipe out poverty in our country.

Counterfeit Notes Discovered in Some Areas

HK211405 Beijing WEN ZHAI BAO in Chinese
No 451, 13 Sep 87 p 1

[Article from the 4 September issue of RENMIN GONGAN BAO (People's Public Security Newspaper): "Counterfeit Renminbi Discovered in Some Places"]

[Text] In recent days, numerous cases of counterfeit renminbi have successively occurred in Shanghai, Liaoning, Nei Monggol, Hubei, Henan, and Shaanxi. The counterfeit notes are either duplicated or copied with duplicating machines or engraved and printed in large quantities. Ye Huisheng, a criminal from Shanghai, has committed offenses with counterfeit notes on 23 occasions since September last year. After his arrest on 23 May, the Jingan public security sub-bureau recovered from his house eight illegally carved copper designs for the 10 yuan note. Tao Wenju and Duan Minggui, criminals from Hubei, were arrested when they went shopping in Hunan's Li county and the local public security organ found 260 printed counterfeit 10-yuan notes in their possession.

Aviation Industry To Set Up 14 Groups
HK211015 Beijing CHINA DAILY in English
21 Sep 87 p 2

[By staff reporter Wang Xincun]

[Text] China's aviation industry will enter a new era when it streamlines its structure by setting up 14 industrial groups in the next two years.

An official of the Ministry of Aviation Industry revealed the reform programme at a ceremony on Saturday marking the founding of the Yangtze Group of Hydraulic-Electromechanical Technology.

Yang Zongli, director of the electromechanical industry bureau of the ministry, later said that the groups to be set up across the country would cover such fields as aviation electronics, navigation, refrigeration, rescue work and radar.

The step is a very important part of reforming the industry and will pave the way for more rapid development, Yang said.

Consisting of nine plants, a research institution and an aviation college, the Yangtze group takes the lead in the hydraulic industry because all its members are either military enterprises or departments attached directly to the Aviation Ministry.

With headquarters in the Nanjing Aero-Accessories Plant, the group has 500 million yuan in fixed assets. Its total work-force is 35,000, including 5,000 technicians.

Board Chairman Chen Liquan said the group had been formed because of Premier Zhao Ziyang's recent remarks about using military enterprises to help the

national economy and shifting production from military to civilian goods.

Military enterprises are being asked both to produce export goods and to provide advanced equipment for civilian factories, Chen said.

All the factories under the Aviation Ministry are defence enterprises and they were only for the military three years ago. But now civilian goods account for 90 per cent of their total production value and profits.

Chen noted that more than 100 factories produced hydraulic apparatus but most could not make sophisticated or high-grade equipment. Much of their production is not durable and has serious leakage problems.

Every year China has to buy \$1 billion worth of hydraulic apparatus for its domestic market and even for some export goods, Chen said.

But military enterprises have grasped advanced hydraulic technology, he added.

The ministry's second group, for electrical equipment, will be set up in Tianjin next month.

It will also hold an international exhibition of aviation equipment in Beijing on October 17. Some 50 foreign firms will take part.

East Region

Han Peixin at Jiangsu Art Festival Opening
OW211451 Nanjing Jiangsu Provincial Service
in Mandarin 2300 GMT 19 Sep 87

[Excerpts] Nantong City was splendidly decorated yesterday for its first folk art festival. [passage omitted]

Chen Pixian, Peng Chong, Ji Pengfei, Han Peixin, Gu Xiulian, and other leading comrades wrote inscriptions for the festival.

Nantong, one of our country's 14 open coastal cities, has made greater and greater achievements in its economic relations with foreign countries in recent years. [passage omitted] One of the important features of this festival is extensive economic exchanges. [passage omitted]

(Li Mingxin), deputy secretary of the Nantong City party committee, presided over the opening ceremony of the festival, at which Nantong Mayor Zhang Youcai made an ebullient speech.

Present at the opening ceremony were Han Peixin, Sun Jiazheng, and Wang Bingshi, leading comrades of the province; Xu Jiatun, director of the Hong Kong Branch of the *Xinhua News Agency*; Zhang Jingli, member of the Standing Committee of the CPPCC National Committee and vice chairman of the All-China Federation of Industry and Commerce; and Li Ming, vice minister of metallurgical industry and chief engineer of the Baoshan Iron and Steel Complex.

Rui Xingwen Inspects Shanghai Vegetables
OW211449 Shanghai City Service in Mandarin
2300 GMT 19 Sep 87

[Excerpts] Leaders of the Shanghai municipal party committee and the municipal government inspected vegetable plots in Jiading, Baoshan, and Chuanshan Counties yesterday in order to acquaint themselves with vegetable production.

While inspecting Huangdou Township in Jiading County, Secretary Rui Xingwen told responsible comrades of the township government: We have come here to get some vegetables from you.

In his briefing on vegetable growing, a leader of the township government said: Vegetables are now in short supply mainly because of the torrential rains and high temperatures that occurred in mid-August. Huangdou Township has taken emergency measures in this regard, including administrative interference, price subsidies, rewards for overfulfillment of production targets, and fines for failing to fulfill production plans, in order to ensure that there will be adequate quantities of vegetables for the market. [passage omitted]

Showing great concern for the measures taken by Jiading County's Jiangqiao township to fight natural disasters, Mayor Jiang Zemin hoped that the township government would make every possible effort to provide

vegetables for its people in order to improve their livelihood. [passage omitted]

Other leaders of the municipal party committee and the municipal government who inspected vegetable plots yesterday included Wu Bangguo and Zeng Qinghong.

Zhejiang To Start Conscription Drive 10 Oct
OW211104 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 19 Sep 87

[Text] Provincial Governor Xue Ju and Provincial Military District Commander Li Qing have jointly issued a conscription order announcing that the province will draft new recruits for the Chinese PLA and the People's Armed Police Force, beginning 10 October.

According to the order, those to be recruited from rural areas this year are young people who come from families with a relatively adequate labor force and have graduated from junior middle school. In those areas where most of the inhabitants are of minority nationalities, on off-shore islands, and in remote villages which have real difficulty in meeting conscription targets, the educational requirement may be lowered to the level of higher primary school graduates. In cities and county towns, recruits will be conscripted from among the 1986 and 1987 graduates of senior middle schools. More will be conscripted from among young staff members and workers of enterprises and institutions who meet the educational requirement of having graduated from senior middle school. To qualify for conscription, young men should be 18 to 20 years old. For staff members and workers of enterprises and institutions, the age limit may be increased to 21. Graduates of the current term of senior middle school who have reached the age of 17 may also be conscripted if they are willing to join the service.

The order asks governments and military service organs at all levels to earnestly formulate plans, properly make arrangements, beef up organizational work, and strengthen leadership in this regard. All other departments concerned, the order says, should also make concerted efforts to perform their duties and responsibilities so as to fulfill the conscription task.

Central-South Region

Guangdong Provincial CYL Congress Opens
HK220325 Guangzhou Guangdong Provincial Service
in Mandarin 1000 GMT 15 Sep 87

[Text] The Eighth Guangdong Provincial CYL Congress opened in Guangzhou this afternoon. Cherishing the good desires of the 2.7 million CYL members in the province, some 900 delegates from various fronts are attending the congress. On behalf of the provincial party committee, provincial party committee Deputy Secretary Wang Ning delivered a congratulatory speech at the opening session.

He said: In the 5 years since the seventh provincial CYL Congress, CYL organizations at all levels in the province, in accordance with the demands of the party and

the practical situation of youths, have widely carried out various activities of ideological education and [words indistinct]. Educated by the party and guided by CYL organizations, the vast numbers of youths have carried forward the glorious tradition of the youth movement and enthusiastically participated in the practice of reform and opening up, thus making contributions to invigorating Guangdong's economy.

In conclusion, Comrade Wang Ning, on behalf of the provincial party committee, made six demands on CYL organizations at all levels and CYL members in the province. He stressed that it is necessary to continuously and profoundly conduct positive education on CYL members and youths in upholding the four cardinal principles; to guide youths to adhere to the correct political orientation; and to call on all youths in the province to participate in and promote the reform and to bring into play their role as fresh activists in reform, opening up, and invigoration.

At the opening session, provincial CYL Committee Secretary Huang Huahua delivered a work report entitled: Stand in the Forefront of Reform and Construction, Dedicate Our Youth to Guangdong's Overall Invigoration.

Hunan's Mao Zhiyong Extends Congratulations
HK220345 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 15 Sep 87

[Text] On 14 September, the eve of the 30th anniversary of the establishment of the Xiangxi Tujia-Miao Autonomous Prefecture, Comrade Mao Zhiyong, who was conducting an investigation in the autonomous prefecture, extended warm congratulations to the autonomous prefectural party and government leading comrades on the 30th anniversary of the establishment of the autonomous prefecture after listening to reports given by them.

Comrade Mao Zhiyong fully affirmed the results achieved by the autonomous prefecture in the 30 years since its establishment, and particularly since the 3d Plenary Session of the 11th CPC Central Committee. He said: The autonomous prefecture is the only area in the province that practices regional national autonomy. Practicing regional national autonomy is the basic policy adopted by our party in solving nationality problems by applying Marxism-Leninism, as well as an important political system of our country. In the 30 years since the establishment of the autonomous prefecture, and particularly since the 3d Plenary Session of the 11th CPC Central Committee, under the correct leadership of the CPC Central Committee and through the joint efforts made by the people of various nationalities in the autonomous prefecture, the prefecture has achieved marked results in all fields. Provided that we seriously sum up experiences; further implement the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee; and unite as one to fight, we will build the autonomous prefecture still better.

Comrade Mao Zhiyong pointed out: Strengthening the unity of the various nationalities and working hard and with perseverance are the basic guarantee for properly building the autonomous prefecture and for conducting reform and opening up to the outside world. The people of the various nationalities in the autonomous prefecture have a glorious tradition of uniting as one to fight. In the process of conducting reform and opening up to the outside world, we must still more treasure this unity and continuously develop the new-type socialist relationships of equality, unity, mutual assistance, and fraternal love between nationalities. The key to strengthening the unity of the various nationalities lies in strengthening the unity of the leading core at all levels.

Southwest Region

Hu Jintao Inspects Education in Guizhou
HK180245 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 17 Sep 87

[Text] He Dongchang, vice chairman of the State Education Commission, and Hu Jintao, secretary of the Guizhou provincial party committee, inspected vocational education in Longli County on 17 September. Comrades He Dongchang and Hu Jintao listened to a report given by a leader of the county on the development of vocational education there in recent years, and inspected the county vocational and agricultural secondary schools, together with the county seat's No 1 primary school and the county kindergarten. They also visited the (Guanyin) primary school in a minority-nationality area to find out the state of teaching there and visit the teachers.

He Dongchang and Hu Jintao also inspected township and town enterprises. At the Longli sulphuric acid plant, they spoke to students who had graduated from the vocational middle school and were photographed with them.

Comrades He Dongchang and Hu Jintao expressed satisfaction with the development of vocational education in the county. They were accompanied on their visit by (Ren Jilin) and (Li Xingguo), vice chairmen of the provincial Education Commission.

Sichuan Sets Up Media, Publications Bureau
HK220151 Chengdu Sichuan Provincial Service
in Mandarin 0100 GMT 22 Sep 87

[Text] With the approval of the State Council, the Sichuan Provincial Media and Publications Bureau was officially set up in Chengdu yesterday. At the bureau's establishment and work meeting, (Shan Jifu), director of the bureau, introduced to the participants the responsibilities of the bureau as a functional department of the provincial government, and reported on work plans for 1988.

Leading comrades of the provincial party committee and government Yang Rudai, Nie Ronggui, Kang Zhenhuang, Xu Chuan, and Cao Qingze attended and spoke at the meeting.

Xizang Reregisters Newspapers, Journals

*HK190205 Lhasa Xizang Regional Service in Mandarin
1430 GMT 18 Sep 87*

[Text] According to *Xizang Ribao*, Xizang is carrying out examination, approval, and reregistration of newspapers and journals. More than 20 Tibetan and Chinese newspapers and journals, including *Xizang Ribao*, have filled in registration application forms. From 1 January next year, those newspapers and journals that are reregistered will be included in the nationwide unified newspaper and journal list and will be distributed inside and outside the region.

Before starting this examination, approval, and reregistration, there were 52 registered newspapers and journals in Xizang. In the current process, the proportion of Tibetan newspapers and journals will be increased, and a number of literature and art journals will be closed or amalgamated, thus correspondingly reducing the proportion of literature and art journals.

After the readjustment, the region will have 23 newspapers and journals of all types, including 11 in the Tibetan language, 11 in Chinese, and 1 in both English and Chinese.

After this examination, approval, and reregistration of newspapers and journals on public sale, the next stage will be to further amalgamate and reduce the number of those that are not on public sale, based on the principle of running fewer journals and running them well.

North Region

Hebei Calls for Punishment of Price Hikers

*OW211233 Beijing XINHUA Domestic Service
in Chinese 0129 GMT 21 Sep 87*

["Letter by XINHUA reporter Yu Shaoliang: Responsibility for Unauthorized Price Hikes Must Be Traced to Its Source" — XINHUA headline]

[Text] Shijiazhuang, 21 Sep (XINHUA)—While covering news in Hebei's rural areas recently, this reporter was told by comrades from price departments that the responsibility for authorized price hikes should be traced to its source and that imposing financial fines on enterprises alone is ineffective.

Comrades from price departments noted that the trend of arbitrarily hiking the prices of the means of agricultural production has not subsided despite several banning attempts. They said one of the main reasons for the failure is that while enterprises are fined for unauthorized price hikes, no attempt is made to discover who is responsible for the hikes. Knowing that this is going to happen, some enterprises are actually encouraged to arbitrarily raise selling prices. By doing so, enterprises can increase their profits through illegal income. Moreover, managers and workers can have a bigger share of bonuses. Should unauthorized price hiking be discovered by price departments, the most these departments

can do is to confiscate the ill-gotten money and impose fines on the responsible enterprises. In this way the people responsible for raising prices do not suffer any losses, but the peasants do.

There is another thing worth mentioning here. Since the implementation of financial reform, the leadership in many counties and prefectures has paid one-sided attention to revenues and economic results while making no serious attempts to curb illegal price hikes by state enterprises under their jurisdiction. Moreover, the current policy on price inspection provides that a greater portion of fines is to go to the coffers of local financial departments. This results in loss of revenues for the state, financial losses for the consumers, and putting the money obtained through illegal price hikes in the hands of local financial departments or enterprises. Last June, the Nanhe County Chemical Fertilizer Plant illegally raised the selling price of chemical fertilizer by 30 yuan per metric ton and sold it to peasants at this price. Its illegal income totalled more than 60,000 yuan in 2 months. When price inspectors came to inspect the plant, the manager solved the problem by delivering the ill-gotten money to the county Financial Department. Once in the county's coffers, it is authorized to use this money as financial funds just as it uses profits delivered by enterprises. This is the reason why the county leadership made no attempt to trace the responsibility of the enterprise leadership. Moreover, it regarded the money as a contribution made by the enterprise. A few leaders have even openly called on price departments to relax their rigid control. Knowing that this is the temperament of their superiors, many enterprise leaders have become bolder than ever in raising prices without authorization. A frequent occurrence is that product prices of an enterprise rise again as soon as price inspectors leave.

Nei Monggol Commentator's Article on Unity

*SK190617 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 18 Sep 87*

[Station commentator's article: "Resolutely Implement the Principle of Maintaining Unity and Carrying Out Construction"]

[Text] The principle put forward by the autonomous regional party committee on maintaining unity and carrying out construction represents the high tactics summarized by the region from the experience gained in the revolution and construction over the past 40 years. In giving their directives to the region recently, leading central comrades reaffirmed and emphasized again that the Nei Monggol Autonomous Region should better and resolutely implement the principle of building Nie Monggol into a civilized, wealthy, and modern region. This is a crucial task in successfully carrying out the various work of the region and in making progress in the drive to conduct reform.

Unity and construction are unified. Closing our ranks to build socialism that reflects Chinese characteristics is our party's central task during the new historic period.

Engaging in either reform or construction, we must have a circumstance of social stability and national unity. Our region has a concentrated population of Monggol nationality and a population of multiple nationalities. It occupies a most important position in keeping the motherland unified and enhancing national unity. Fulfilling this task represents the premise and guarantee of successfully building the four modernizations, achieving mutual prosperity and development among the various nationalities, and succeeding in the various work. Central leading comrades have told us that efforts should be made to pay attention to the entire situation, the program of building the four modernizations and the unity and reunification of the motherland, as well as represent the task of building the frontier into a stable, wealthy, and powerful border area. This is also our foundation of unity. In doing things and approaching questions, we should all the more pay attention to the entire situation and stress work style. Contradictions that crop up in work should be dealt with in a timely manner by exchanging understanding and eliminating misunderstanding. Efforts should be made to rely on mutual understanding, support, and assistance in dealing with contradictions. Only by so doing can we bring about a prosperous situation in our construction undertakings and deepen our drive to conduct reforms in various fields.

The key to enhancing unity lies in enhancing unity inside the party and among cadres of various nationalities, particularly among leading cadres. Cadres of various nationalities should establish themselves as examples in maintaining national unity and do a good job in fostering unity among various nationalities, between the party and the masses, between cadres and the masses, between the Army and the government, between the Army and the people, and among units from top to bottom. Efforts should be made to create a climate full of friendship, trust, democracy, and harmony. We should also bring into full play the enthusiasm and creativeness of the people of various nationalities in building the region and make still greater contributions to smoothly fulfilling the Seventh 5-year Plan and to building the four modernizations.

Northeast Region

Liaoning Congress Committee Meeting Opens
*SK220118 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 21 Sep 87*

[Text] The 28th meeting of the 6th provincial People's Congress Standing Committee opened on 21 September. At the meeting's first plenary session on 21 September, responsible comrades of the provincial Education Department and the provincial Labor Affairs Bureau respectively delivered a report before the participating members on the province's implementation of the State Law and the provincial provisions on compulsory education and on the province's work of production safety.

According to the report by Wang Ruofu, director of the provincial Education Department, at the first plenary

session, 100 counties and districts throughout the province have prefulfilled by 2 years their task of making elementary education popular in line with the state's fixed standard. The proportion of student enrollment of vocational senior middle schools, secondary vocational schools, and technical schools in the province's total student enrollment of the senior middle school period accounts for 58.1 percent and has reached the fixed demand of the central educational decision. Meanwhile, the province has also established a relatively complete education system concerning teacher's schools and colleges of preschool, elementary, and secondary education, and has improved teacher training education at all levels. The overall arrangement in the structure of teacher training education has become increasingly reasonable and the training capability in this education has been upgraded to a greater extent.

According to the report by (Lang Hongtu), deputy director of the provincial Labor Affairs Bureau, at the meeting's first plenary session, the province has brought about a turn for the better in production safety and a change in enterprise security and public health work. Labor conditions among staff members and workers have been improved to a certain extent. The number of various accidents occurred in 1986 showed an 8-percent decrease over the 1985 figure, that of deaths showed a 1.1-percent decrease, and that of the injured showed a 20-percent decrease. Industrial and mining enterprises throughout the province have stopped serious and vicious accidents which resulted in the death of more than 10 persons.

Northwest Region

Gansu Leaders Meet Vietnam's Hoang Van Hoan
*OW191801 Beijing XINHUA in English 1524 GMT
19 Sep 87*

[Text] Lanzhou, September 19 (XINHUA)—Hoang Van Hoan, a veteran Vietnamese revolutionary, wrote a new poem in Chinese to express his deep feelings to Lanzhou and its people when he first visited this northwest city of China in recent days.

Hoang arrived here on September 16 after he finished the publication of his memoirs "A Drop in the Sea" (Chinese edition). He was warmly received by Li Ziqi, secretary of the Gansu Provincial Committee of the Chinese Communist Party, and Jia Zhijie, governor of the province.

He visited Mokao Grottoes in Dunhuang, an important town along the Old Silk Road, and Jiayuguan Pass in the company of Li Ziqi.

In Mokao Grottoes, Hoang visited ten caves hewed in the Tang (618-907) and Western Wei (386-543) Dynasties. Duan Wenjie, an expert of Dunhuang art, briefed him on murals and sculptures there and presented him with two volumes of Dunhuang art.

While visiting Jiayuguan Pass at the western end of the Great Wall, Hoang said the Great Wall is a symbol of the labouring people's strength and wisdom.

The friendship between the peoples of Vietnam and China is as great as the Great Wall, he added.

Hoang presented his memoirs "A Drop in the Sea" to leading members of the Gansu Province.

During his stay in Lanzhou, Hoang also toured a museum of the Dunhuang county.

Gansu Reports Rural Economic Development

*HK190253 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 18 Sep 87*

[Excerpts] The 8 years of reforms have stimulated all-round development of Gansu's rural economy. Last year total agricultural output value was 4.5 billion yuan, an increase of 58.4 percent over 1978. The average annual rise during the period was 5.9 percent. [passage omitted]

Although the grain area last year was over 3 million mu less compared with 8 years ago, grain output broke through the 5.5 billion kg barrier and was second only to the record year of 1975. Output of industrial crops such as oil-bearing crops, sugar beet, and fruit also showed big increases. [passage omitted]

The proportion of forestry and animal husbandry in the province's total agricultural output value last year showed an increase of 6.4 percent compared with 1978. [passage omitted] Total procurement value of agricultural and sideline products last year was over 2 billion yuan, an increase of 260 percent compared with 8 years ago. The agricultural commodity rate has increased by 18.9 percent compared with 8 years ago.

Shaanxi Holds Meeting on Letters, Visits

*HK210317 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 21 Sep 87*

[Text] Mou Lingsheng, deputy secretary of the provincial party committee, speaking at a provincial conference on handling people's letters and visits, demanded that the departments and units at all levels throughout the province further improve this work and solve the problems in the grassroots, with the appropriate level or department getting to work. Those problems raised by the masses that should be solved must be solved properly; where the problems raised have already been solved and people are setting too high demands and engaging in wrangling for a long time, it is necessary to do a good job in providing explanations, clearing people's minds, and conducting education.

Zhang Boxing, secretary of the provincial party committee, also spoke at the meeting. He expressed the hope that the comrades of the departments handling letters and visits will enthusiastically concern themselves with the masses' letters and visits and do their work in a thorough and meticulous way. Every letter from the masses must be handled properly.

Shaanxi Leaders Talk With Plant Managers

*HK200201 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 20 Sep 87*

[Excerpts] Governor Zhang Boxing and Vice Governor Zeng Shenda yesterday held a dialogue with managers of 10 large and medium enterprises in the meeting room of the provincial government, to probe questions of deepening reforms, improving economic returns, and so on. [passage omitted]

At the conclusion of the meeting, Governor Zhang Boxing put forward the following demands on the plant managers:

1. Further promote the contracted management responsibility system, deepen the reforms, and put competition into the enterprises.
2. Strengthen management. It is necessary to apply scientific management methods.
3. The enterprises should actively develop new products to meet market needs. The enterprises should have technological reserves and a certain amount of capital for this purpose.
4. Actively open up new markets and strive to promote competition. The large factories should be bold in engaging in competition with other plants in the same sector throughout the country.
5. The provincial departments should support the enterprises' efforts to earn foreign exchange through exports.
6. The enterprise leaders should probe new ways of carrying out ideological and political work in the new situation.

Shaanxi Views Economic Progress, Development

*HK200257 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 20 Sep 87*

[Excerpts] Shaanxi's economy has witnessed a new situation of sustained, steady, and coordinated development since the 3d Plenary Session of the 11th Central Committee. Data provided by the provincial statistics bureau show that the province's total social output value in 1986 was 38.54 billion yuan, double the figure for 1978. National income was 16.6 billion yuan, an increase of 76 percent.

The province's industrial and agricultural production has developed rapidly over the past 8 years. Total industrial and agricultural output value in 1986 was 28.24 billion yuan, an increase of 92.6 percent over 1978. The average annual increase during the 8 years was 8.5 percent. The province's grain output rose from 8.357 million tons in 1978 to 10.235 million tons in 1984, a record. This was the result of introducing the contract responsibility system with payment linked to output and of further implementing the party's rural policies. Since

1983, the province has recorded balanced output and sales for 4 successive years, thus ending the necessity of importing grain from elsewhere, which had prevailed for 18 years, since 1964. [passage omitted]

The number of industrial enterprises in the province has risen from 9,766 in 1978 to 12,509. Total industrial output value rose from 10.7 billion yuan in 1978 to 21.9 billion yuan in 1978, an increase of 110 percent. The average annual increase was 9.7 percent. [passage omitted]

The province's industrial output value in the first 8 months of this year was 13.216 billion yuan, an increase of 13.6 percent over the same period last year. Local financial revenue during the period was 1.744 billion yuan, an increase of 9.5 percent over the same period last year.

Foreign Minister on Mainland Activities Ban
OW220351 Taipei CNA in English 0253 GMT
22 Sep 87

[Text] Taipei, Sept. 22 (CNA) — Foreign Minister Ding Mou-shih said Monday that people here will be allowed to attend any international civic organization-sponsored academic or sports activities held anywhere other than on the Chinese mainland.

Ding was speaking at a Kuomintang [KMT]-sponsored meeting attended by members of the Legislative Yuan's Committee on Foreign Affairs and several ranking KMT officials, including Shen Chang-huan, a Central Standing Committee member, and Chao Tzu-chi, secretary-general of the KMT Policy Coordination Committee. The meeting was designed to enhance the lawmakers' understanding of the current international situation and the nation's foreign policy.

"Under no circumstance will people of the nation be allowed to take part in any sports competition or other activities held on the mainland," Ding stressed.

With regard to non-governmental international conferences and activities held in this country, Ding said that the government will screen the applications of delegates from "non-hostile" countries on a case-by-case basis.

Ding said that the nation faces great difficulties in its efforts to expand foreign relations because of the free world's lack of a clear knowledge of communism. However, he added, the nation will do its utmost to improve its substantive relations with foreign nations to counter the Chinese Communists' united front ploys.

Ding said that the ROC [Republic of China] has maintained diplomatic relations with 23 nations; however, the number of nations with which the ROC maintains substantive ties exceeds 120.

During the meeting, legislators suggested that the nation further improve relations with foreign countries by launching an "over-all diplomatic offensive," by allowing local people to visit their relatives on the mainland, and by making good use of the nation's economic strength and the good image resulting from the recent political reforms.

Interior Ministry Draft on Mainland Visits
OW220341 Taipei CNA in English 0248 GMT
22 Sep 87

[Text] Taipei, Sept. 22 (CNA)—The Ministry of the Interior has completed drafting the regulations on people's visit to their relatives on the Chinese mainland and suggested that applications be presented to the Chinese Association for Human Rights which, on behalf of the applicants, will apply to the Entry and Exit Bureau and the Ministry of Foreign Affairs for exit and entry permits and passports respectively, informed sources said Monday.

According to the draft regulations, the Entry and Exit Bureau would not accept applications submitted directly to it for the purpose, the sources said.

According to the draft regulations, except for military personnel, government employees and teachers of public schools, all people here are allowed to visit their relatives on the mainland once a year for no more than two months.

As to the applications of Taiwanese on the mainland to return home, the draft regulations provide that the government would stick to its current regulations, that means they have to live in non-communist areas for five consecutive years before being allowed to enter Taiwan.

The sources said the KMT [Kuomintang] ad hoc group is screening the draft and is expected to present its proposal to the KMT Central Standing Committee for discussion. The regulations are expected to be put into practice in early October if everything goes smoothly.

Party Invitation To PRC Journalists
HK210638 Hong Kong AFP in English 0625 GMT
21 Sep 87

[Text] Taipei, Sept 21 (AFP)—Taiwan's right-wing Chinese Freedom Party (CFP) is inviting two Hong Kong-based Chinese journalists to attend National Day celebrations here in October, a party spokesman said Monday.

Wu Kun-lung, coordinator of the CFP's policy committee, told a news conference here that he hoped Taipei and Beijing would permit the visit in time for the October 10 anniversary of the founding of Taiwan.

He declined to name the two journalists or their organizations, saying that the matter was being handled by the CFP's chief official in Hong Kong.

"The application is expected to meet with no objection from the Chinese authorities," he said, and urged Taipei to permit the visit, as Beijing had allowed a trip by two Taiwan journalists to the mainland.

Mr. Wu was referring to two reporters from the Taipei-based *Independent Evening Post* who defied a Taiwanese ban on visits to China and are currently in the mainland on assignment, the first such public visit in 38 years.

No visa applications have been submitted for the two Chinese journalists to visit Taiwan.

The Government Information Office here has said Taiwan could not allow a visit by journalists from the mainland because all Chinese media are run by the government.

The CFP, which says it has 510 members, was formed on July 11 in defiance of a government ban on the creation of political parties.

Mr. Wu also asked authorities here to permit Chinese to travel to Taiwan and open direct trade across the Taiwan Strait "to smooth the unification of all China."

He asked the ruling Kuomintang (KMT) to modify its "no contact, no talks, no compromise" policy towards Beijing, adding that "allowing Taiwanese to visit the mainland is in fact in violation of the policy."

The KMT is expected to formally lift the ban on visits to the mainland by its citizens this month, but high-ranking officials have stressed that the liberalization was purely on humanitarian grounds and did not signal a policy change.

Interior Ministry Drafts Civic Body Rules
OW190339 Taipei CNA in English 0239 GMT 19 Sep 87

[Text] Taipei, Sept. 19 (CNA)—The Interior Ministry has completed the draft revision of the Civic Body Organization Law and made it public Friday.

The draft consists of 11 chapters and 66 articles. Highlights of the draft include:

- The organization and activities of the civic bodies must uphold the Constitution and must not advocate communism or the division of the national territory;
- Civic bodies are classified into three groups: professional, social, and political bodies;
- Only one organization of the same profession will be allowed in the same area;
- Organizers of civic bodies should first apply for permission;
- Existing national political bodies which function as political parties may directly register as political parties;
- In order to prevent foreign nations from intervening in the nation's political activities, no political bodies will be allowed to accept contributions from foreign bodies, corporates, individuals or civic bodies whose members are mainly foreigners. Violators may be sentenced to up to two years of imprisonment, forced labor or fined up to NT\$60,000 (U.S. \$2,000). Political bodies should be composed of citizens of the Republic of China only; and
- To ensure a fair and unprejudiced screening of applications for the establishment of political bodies or parties, a special commission will be set up under the central government. The commission will also be responsible for the punishment of illegal activities.

Cabinet Approves Draft March, Assembly Law
OW200844 Taipei International Service in English 0200 GMT 19 Sep 87

[Text] The Cabinet Thursday approved the draft of the March and Assembly Law During the Period of Communist Rebellion. The draft stipulates: Applications for

outdoor marches or assemblies must be submitted 10 days in advance or 3 days beforehand in cases of emergencies. Also, the responsible government agency should respond within 3 days or 24 hours, respectively. According to the drafted law, anyone hurling insults or slander during marches or assemblies may be sentenced to up to 2 years in jail or forced labor, or fined up to NT\$20,000.

The Interior Ministry said that public gatherings are rights bestowed on the people, and every democratic country has the constitution to govern it clearly and reasonably. The ministry noted that since the country is still in a period of communist rebellion, the draft was proposed to both protect the people's rights of gathering and preserve social order. The National Legislature will start reviewing the draft 26 September.

Legislative Yuan President Urges Unity
OW220355 Taipei CNA in English 0302 GMT 22 Sep 87

[Text] Taipei, Sept. 22 (CNA)—Nieh Wen-ya, president of the Legislative Yuan, Monday urged people of the nation to unite and to have confidence in the government at this important time when the nation is instituting major reforms in political, economic and other fields.

"This is the only way for us to secure a better future for the nation," Nieh told a monthly meeting of the Yuan's staff.

The nation has made impressive political and economic progress over the past few years, he said. This has been made possible by the concerted efforts of the people and the government, and of President Chiang Ching-kuo's able leadership and strong commitment to democracy in particular.

Nieh, however, warned local people against being complacent about the remarkable economic and political achievements. He urged them to heighten vigilance against possible threats because the Chinese Communists have never abandoned the ambition of taking over Taiwan by any means possible.

'Political Counteroffensive' Group Set Up
HK181325 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1451 GMT 17 Sep 87

[Text] Hong Kong, 17 Sep (ZHONGGUO XINWEN SHE)—According to a report from Taipei, *Chung Yang Jih Pao* said: The relevant departments in Taiwan have established a special group to actively study a "political counteroffensive plan." In the meantime, the results of the study will be announced by stages, and used by the government for reference.

The paper added: The special group was established 2 months ago, and its present convener is General Secretary of the National Assembly He I-wu. The group was subdivided into several small groups in accordance with

subjects of study. Each small group will discuss matters collectively. Members of the group include representatives of the people and senior government officials. This shows that the government departments concerned will implement a positive and assertive policy toward the mainland to conform with the new environment and changes in the situation.

It was learned that policy-making bodies attached importance to the studies of the special group, and urged it to carry out the study actively.

'Trial Balloons of Liberalization' Viewed

*OW191347 Taipei International Service in English
0200 GMT 18 Sep 87*

[Station commentary: "The Trial Balloons of Liberalization"]

[Text] Trial balloons are congesting the skies over Taiwan these days as the more curious and bold among our citizens are testing the degree to which government is willing, or able, to liberalize. You name it, it is being tested: everything from visits to mainland China to heart transplants.

Measured by days and weeks, not months and years. In the good old days, say, during the sixties and seventies, and even as late as the early eighties, Taiwan was renowned round the world for its "miraculous" economic progress. Ten percent growth rates over a 20 year period were indeed worthy of attention and, if we don't mind saying ourselves, a bit of praise here and there.

But that has quickly become old hat, the economic miracle now behind us: Our efforts are now being directed to part two of the Taiwan story: the "political miracle."

It is a story that is unraveling fast and furious on the heels of the landmark decision to lift the "emergency decrees" last July 15. That event, which was so carefully guided to its fruition by President Chiang Ching-kuo, who promised as much more than a year ago, set into motion a political, economic, and social liberalization process that is snowballing still. Following the emergency decree, controls on foreign exchange, the ban on travel to Hong Kong, and many other old taboos fell by the wayside of the lightening fast progress that is spinning, not just turning, heads on Taiwan. One result of the "gales of change" now sweeping across the ROC [Republic of China] on Taiwan is a new boldness on the part of people in all different walks of life to let loose trial balloons, to see how far the winds are blowing old taboos out and the fresh air of openness in.

The trial balloons come in all hues. When the government announced that it was nearing a decision to lift the ban on private visits to mainland China, for sightseeing or seeing relatives, a local newspaper boldly decided to test this promise of liberalization by taking it one step further by sending two journalists on a mission to the mainland. Such trips are banned, and the newspaper's owners are well aware of this fact.

The political atmosphere was recently tested when a group of radical oppositionists formed an association with an avowed goal to support Taiwan's secession from historic China. Such secessionist moves are illegal, yet the government has thus far permitted the group to freely launch its trial balloons of free expression on the issues.

The wait-and-see tolerance of the government is coming under increasing criticism from people who feel that the liberalization process is getting out of hand. But the typical lover of pluralism and democracy on Taiwan looks up at the balloon-crowded skies, shrugs a shoulder, and says, "Well, we asked for pluralism, and we got it."

Premier Yu Urges Action Against Lawbreakers

OW180343 Taipei CNA in English 0240 GMT 18 Sep 87

[Text] Taipei, Sept. 18 (CNA)—Premier Yu Kuo-hua of the Republic of China [ROC] in a cabinet meeting Thursday directed the Interior Ministry and the Ministry of Justice to take legal action against the lawbreakers involved in two recent incidents as quickly as possible.

The premier commended Chai Tsung-chuan, chief prosecutor of the Taiwan High Court, as a courageous person upholding the dignity of the law. He said that Chai deserves to serve as a model for other government employees to follow.

Chai ordered the police to crack down on a number of people in a mob gathered in front of the High Court, who had attempted to disturb and block a trial inside the court and to take rough action against the law enforcement officers at the scene on Sept. 8.

Premier Yu made the direction after Shaw Yu-ming, director-general of the Government Information Office, reported on a survey of public opinion.

Democracy should be based on the rule of law. Once democracy is knocked off the track of law, the nation will turn into anarchy, Yu warned.

Yu said that a consensus should be reached that all people here should abide by the law, even when it is outdated and needs revision.

Meanwhile, several legislators, condemning the mob members who ransacked a newspaper office in Taipei last Saturday, said that law enforcement officers should deal with them severely to prevent the recurrence of such a violent incident.

The nation was stunned last weekend when a group of people, claiming that the daily had carried a distorted story, stormed into the Taipei office of the *Taiwan Daily News*, injured several people, including two policemen, and wrecked the office.

Restrictions on Foreign Banks To Ease

*OW191053 Taipei CNA in English 0947 GMT
19 Sep 87*

[Text] Taipei, Sept. 19 (CNA)—Foreign banks and local trust companies here will be allowed to do a

wider scope of business in line with the government's policy of economic liberalization and internationalization.

The Finance Ministry is drafting a comprehensive revision of current banking laws to ease restrictions on foreign banks and local trust companies. The revisions are expected to be finalized by the end of November and will then be submitted to the Cabinet for approval.

According to the revised regulations, foreign banks will be permitted to operate investment trust business and savings deposit services.

Trust companies here will also be allowed to operate such banking services as checking account deposits, demand deposits, remittance and short-term lendings. In the long run, Finance Ministry officials said, trust companies will be allowed to transform themselves into banks.

Moreover, new banks will also be allowed to be set up in accordance with the proposed revisions. The bill will stipulate qualifications of new bank operators, minimum bank capital, the separation of management from ownership, the number of shareholders and other related regulations.

Commentary Criticizes U.S. Textile Bill
OW200831 Taipei International Service in English
0200 GMT 20 Sep 87

[Station commentary: "Another Try at Protectionism in Washington"]

[Text] It did not take the U.S. Congress long to come up with another damaging trade bill. Just 1 week after summer recess ended the House of Representatives passed a textile bill by a vote of 263-156. The bill, if passed by the Senate and signed by President Reagan, would impose severe import limits on textiles, apparel and shoes as a means of protecting these domestic industries from further decline.

But the bill's chances of being signed by President Reagan are almost nil. The White House has already said it is opposed to it, and the U.S. trade representative, Clayton Yeutter, says he has advised the President to veto it. As the vote stands now in the House, the protectionists do not have the necessary two-thirds majority to override a Presidential veto. As in previous cases, many of the congressmen figured as much before

they voted for the bill. With an election year coming up, many Democrats in particular want to go on record as having supported domestic industry, while knowing full well that such a damaging bill never had a prayer. This political ritual repeats itself several times during a legislative session.

Meanwhile, textile and shoe suppliers, including the Republic of China on Taiwan, have reacted strongly to the bill. Local textile manufacturers are criticizing the bill because, in their words, it fails to get to the heart of the matter of the U.S. trade deficit. It also directs import limitations at the wrong supplier nations, they say.

On the first note, textile spokesmen here are doing what they can to remind Americans that such import-restrictive bills serve only to jack up U.S. domestic prices, making the American consumer foot the bill for Congressional protectionism. Such a bill is also seen as another futile attempt to save the U.S. textile and shoe industry from decline. These are industries that are no longer competitive, and any attempt to save them would not be simply protectionist, but also artificial intervention in the market mechanism which would damage import suppliers and American consumer interests with one stone.

On the second note, textile manufacturers here and in Hong Kong and South Korea are calling the bill unfair because it would further damage the interests of their exporters, who have already taken a beating in trade negotiations for much of this year and last. What the bill does not do, they argue, is punish places such as Communist China, which is now flooding the U.S. market with cheap textile imports. In trade negotiations, the United States has decided to allow Communist China to enjoy 10 percent growth in textile exports to the United States. Contrarily, similar negotiations with the free nations just mentioned have led to tighter quotas and import restrictions on textiles and shoes. Few U.S. congressmen seem interested in attacking the real source of America's low-priced competition from abroad.

And finally, textile industry spokesmen here are again expressing their displeasure over the U.S. penchant for avoiding the real solution to America's trade problem. What America really needs to do is step up its manufacturing competitiveness and sales promotion. Until that happens, all the protectionism the Congress can dream up will not stop the decline of these sunset industries in America.

Hong Kong

Basic Law Member Opinion on Direct Election HK210109 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 20 Sep 87 p 3

[By Stanley Leung]

[Text] A Basic Law Consultative Committee [BLCC] staff member expressed a purely personal opinion when he urged Bank of China employees to oppose direct elections, the committee's chairman clarified yesterday.

The chairman of the 180-strong committee, Mr T.K. Ann, said his staff member, Mr Ma Lik, was not speaking for the BLCC at a Bank of China (BoC) forum in July.

Mr Ann stated in a written statement to the press after a BLCC general meeting that "any member of the staff expressing an opinion in his personal capacity did not represent the BLCC."

His statement was in response to recent press queries as well as eight BLCC members' request for an official clarification on a speech delivered by Mr Ma, a BLCC deputy secretary-general, encouraging BoC employees to oppose direct elections next year.

Asked on ways to prevent similar incidents in the future, Mr Ann said there was no way to stop members from speaking in their personal capacity, but he thought Mr Ma would no longer speak in these functions.

"The duty of the BLCC is to carry out consultations for the Basic Law. Any opinion expressed by a member of the staff in his personal capacity on the present political structure is not directly related to the work nature of this committee," he said. The secretariat would also write to each of the eight BLCC members to clarify the incident.

One of the eight members, Mr Mak Hoi-wah, said he had yet to receive an official reply from the BLCC before deciding on the next course of action.

On Friday, the BoC issued a statement, the second in five days, clarifying its latest position regarding an earlier criticism of Mr Lee based on a press report.

In response to a report in the *Wah Kiu Yat Po* published on Tuesday, a BoC statement issued later the same day said "Mr Lee was quoted as saying at a public event that he openly accused the BoC group of issuing directives to its staff to oppose direct elections next year."

Mr Lee's comments arose out of a report in the *South China Morning Post* on September 7. The statement expressed regret over the fact that Mr Lee as a Legco [Legislative Council] member and a lawyer would have made such a statement.

Mr Lee later claimed he had not used the word "directive" in his speech and asked the newspaper to clarify this point.

He sent a letter to the banking group claiming he was misquoted. It was accompanied by a letter from the chief editor of the *Wah Kiu Yat Po* acknowledging its error.

The BoC statement said it appreciated Mr Lee's and the paper's responsible attitude and regretted the misunderstanding caused by the press report.

Meanwhile, in its fourth general meeting, the BLCC decided on its next stage of work which will be in line with the preparation of the first Basic Law draft at the end of the year.

Six special groups, specialising in different topics, have been reorganised with each having a small co-ordinating body to assist in their operation.

A representative of the political structure special group, Mr Leung Chun-ying, reported it had tentatively chosen six topics for research in the next few months. These topics are: the formation of the first SAR [Special Administrative Region] government; political parties; various proposals on political structure (including selection of the chief executive and formation of the executive authorities); election by grand electoral college; election by functional constituencies; and direct elections.

A representative of another special group dealing with the central government-Hong Kong relationships, Mr Ng Hong-mun, said his group will pay special attention to such controversial issues as the applicability of national laws to Hong Kong, the powers of interpretation and amendment of the Basic Law and the right to propose amendments.

At the same time, Mr Ng said, his group would draw up reports on the establishment of the Basic Law Committee under China's National People's Congress, which was proposed to advise China after 1997 on interpretation and amendment of the Basic Law. Other reports to be prepared included the selection of the Hong Kong delegates to the NPC and their relationship with the local legislature.

A BLCC sub-committee also reported that the Committee had a \$850,000 deficit for a 16-month period since its formation in September 1985.

The Rev Peter Kwong said the total expenditure for the period amounted to \$2.9 million. And the balance of the BLCC fund standing on December 31 last year amounted to \$15 million.

Trade Union Tactics Rejected by Majority HK180635 Hong Kong SOUTH CHINA MORNING POST in English 18 Sep 87 p 1

[By Stanley Leung and Chris Yeung]

[Text] The campaign orchestrated by the Federation of Trade Unions [FTU] to oppose direct elections next year has received the cold shoulder from most of its 170,000 members.

Only one-fifth of its members have responded to a call issued by the pro-China body's executive arm to endorse a three-point position paper issued in July.

It is understood that less than 30,000 of the letters sent to members, asking them to oppose direct polls next year, have been returned.

The move is seen as a setback for the anti-direct election lobby, the second in recent weeks.

The lobby suffered a major blow when the Bank of China [BOC] group was forced to back down from exerting pressure on its 10,000 employees into signing a similar position paper.

The Bank of China campaign has led to a call for a Basic Law Drafting Committee [BLCC] official to explain his own actions to the BLCC executive after it was revealed that he delivered an anti-direct election message during a July address to bank officials.

Results of the FTU anti-direct election drive are scheduled to be released on Sunday.

The *South China Morning Post* has obtained a copy of the FTU paper which appeals to members to support its campaign to stop direct elections next year.

The letter is similar in tone and content to one issued to its 10,000 employees by the Bank of China group, one of the key China organisations participating in the anti-direct election movement.

FTU members have been asked to sign the document which will be channelled to the Survey Office.

Family members were also asked to put their signatures on the document.

The three suggestions listed in the position paper state:

- Any change should be gradual. Political reforms had to converge with the Basic Law for a smooth transition.

- A considerable number of members of the Legislative Council should be directly elected when the time was ripe, but not in 1988. This should be introduced gradually after the promulgation of the Basic Law.

- The duties and functions of district boards as well as the status of the Governor in the Legislative Council should remain unchanged.

FTU members were encouraged to add their own views to the above suggestions. The vice-chairman of the FTU, Mr Tam Yiu-chung, said members were under no obligation to support the FTU's anti-direct election stand next year.

He said members were free to fill in and return the document or discard it.

This is in contrast to the Bank of China's campaign where employees felt they were obliged to sign.

Union sources have blamed the poor FTU response on general apathy among workers despite the trade union's long and sound record of mobilising its members.

"It is a fact that workers are not interested in politics. The call to endorse its position paper has not been strong enough," said a veteran unionist.

He said the FTU was in a difficult position in orchestrating its campaign against direct elections.

China's opposition against direct elections next year was staunch but had never formally been made known to the public here, he said.

"If China issued an official statement of opposition against direct elections next year, FTU members would know what their position was and would be more eager to throw their weight behind the call," he added.

Meanwhile, the BLCC official who spoke out against direct elections at private meetings with senior Bank of China staff will be asked to clarify his position at the next BLCC meeting.

The 19-member executive of the BLCC is expected to raise the issue concerning Deputy Secretary-General, Mr Ma Lik.

Eight BLCC members wrote to the executive committee on Tuesday asking for clarification of Mr Ma's speech which was made to a group of BOC employees on July 17.

They were concerned whether Mr Ma was speaking in his capacity as a BLCC office-bearer at the forum.

The role of the BLCC is limited to consulting and gathering public views on the Basic Law—Hong Kong's future mini-constitution.

A BLCC spokeswoman said yesterday the letter was sent to all the executive committee members.

Trade Director Warns Against U.S. Textile Bill
HK180651 Hong Kong SOUTH CHINA MORNING POST in English 18 Sep 87 p 3

[By Peter Robinson]

[Text] Hong Kong would continue to fight the textile bill passed by the United States House of Representatives, the director of trade, Mr Michael Sze, said yesterday.

"There is a good chance the measure will not be enacted," he said.

He said the House vote had fallen short of the two-thirds majority needed to override an expected veto by President Ronald Reagan.

The Textiles and Apparel Trade Act 1987 was approved by the House of Representatives by 263 votes to 156 and will now go to the Senate for approval.

Mr Sze warned however there remained a danger of the bill being enacted and that Hong Kong officials and lobbyists in Washington were working to fight the bill.

The Secretary for Trade and Industry, Mr Hamish Macleod, said: "The passing of this bill was forecast, we knew they had the votes and the real fight will be when it comes to the presidential veto."

The bill imposes quotas on textiles, clothing and shoe imports. It would limit the growth of textile and apparel imports to one per cent a year and freeze non-rubber foot-wear imports at 1986 levels.

Hong Kong textile and apparel exports to the U.S. in the first half of 1987 were nearby \$14 billion.

About 45 per cent of the territory's textile and clothing exports last year went to the U.S.

One concession by backers of the bill to broaden their support within Congress deals with dropping specific quotas for particular countries.

Instead, the administration would be allowed to apportion the quotas among various nations as long as overall product limits are met. The quotas would also apply to the European Community and Canada.

Hong Kong lobbyists have been hard at work in the U.S. and Mr Macleod said: "The understanding of Hong Kong's particular position is now widespread."

By this he means that unlike many of the protectionist countries in the region like Taiwan, South Korea and Japan, Hong Kong is a free trader.

Another more general joint trade bill is presently going through both the Senate and the House of Representatives and this is considered to have more chance of reaching the statute book.

Mr Macleod said: "While the textile bill hits at our major industry, much of the generic trade bill is not so objectionable from Hong Kong's point of view. But we will still have to see how it emerges from the joint conference."

The trade bill could impose penalties on countries deemed to have "excessive trade surpluses" with the U.S. and impose penalties for dumping cheap goods in the U.S. market.

While the Administration has said that it would veto a specifically protectionist bill, it has indicated that a more general trade bill might be acceptable.

A leading member of the Republican Party in Hong Kong and member of the Hong Kong Exporters Association committee, Mr Tom Goetz, said he believed the

textile bill would be successfully vetoed. Mr Goetz runs his own textile consultancy company in Hong Kong.

He said: "Both houses in Congress have been trading off on the textile bill against concessions on the trade bill in order to keep the two bills separate. They have said we will support the textile bill but only up to the veto stage if the textile measures are kept off the trade bill.

"While I feel we must worry as they could hurt us on the textile issue, I feel that the presidential veto will hold."

Director General of the Federation of Hong Kong Industries, Mr Lawrence Mills said: "Those who have voted for this bill have largely done so for political reasons with the elections coming up in 1988. So even if it does not go through they can turn to constituents and say they had voted for it."

Director of the Hong Kong General Chamber of Commerce, Mr Jimmy McGregor pointed out that textile exports to the U.S. come under existing agreements and any further protectionist legislation would break these.

He said: "That would be extremely serious and almost fraudulent. On the basis of long term agreements companies have made investments in new machinery. Yet we are now facing a disruption of bilateral agreements."

Macao

Reception Marks XINHUA Inauguration

Director Introduced

OW211805 Beijing XINHUA in English 1513 GMT
21 Sep 87

[Text] Macao, September 21 (XINHUA)—The Macao Bureau of *Xinhua News Agency* gave a reception here today to mark its official inauguration.

Xinhua decided to open the new bureau in step with its growing services.

Bureau Director Zhou Ding was introduced to the 160 guests by Ke Zhengping, adviser to the bureau, and Zhou then introduced his deputies, Hu Houcheng and Wang Wenbin.

Present were Macao Governor Carlos Montez Melancia and other high-ranking officials, and Zheng Hua, deputy director of *Xinhua's* Hong Kong bureau.

Zhou Ding Background

HK220719 Hong Kong SOUTH CHINA MORNING
POST in English 22 Sep 87 p 3

[Text] Asked yesterday whether he would have occasion in his new Macao job to apply the administrative and economic experience he gained as vice-mayor of Shenzhen, Macao NCNA director Mr Zhou Ding replied:

"That's impossible. The conditions in Shenzhen and those in Macao are completely different."

That's true. For a start, Mr Zhou is now his own boss.

In Shenzhen, he weathered some stormy days defending former Mayor Mr Liang Xiang, who presided over a period of runaway growth that was finally reined in amidst allegations of currency and trading malpractice in 1985.

Mr Liang got the sack. His main crime, it was said, was his involvement in the massive Hainan Island commodity re-sale scam.

Mr Zhou stayed on for another year or so under Mr Liang's replacement, Mr Li Hao, and continued to defend Shenzhen, which Mr Deng Xiaoping had pointedly described to a visiting Algerian dignitary as an "experiment" whose results were uncertain.

He also spoke up for the Daya Bay nuclear plant. But the axe eventually fell on him and several more of Mr Liang's lieutenants. He was recalled to a middle-level post in Guangzhou.

Then earlier this year he was sent to the Nam Kwong Company to serve as the mainland's number three man in Macao, behind the aging Mr Ke Zheng-ping and the de facto day-to-day head, deputy general manager Mr Liu Yiu-ki.

But with Mr Ke's retirement, Mr Zhou's star has risen again, and so has that of his mentor, Mr Liang.

Proof of Joint Declaration

HK220541 Hong Kong SOUTH CHINA MORNING
POST in English 22 Sep 87 p 2

[By John Steinhart]

[Text] China's decision to open a branch of its official news agency in Macao showed Beijing was committed to honouring the agreement on the enclave's future, Macao's Governor, Mr Carlos Melancia, said yesterday.

The champagne flowed as the *New China News Agency* (NCNA) was welcomed to town with a reception above one of Macao's famed 24-hour casinos.

Although punters in the Hotel Lisboa basement gambling halls were largely indifferent to the affairs of state unfolding above them, Mr Melancia described the arrival of the NCNA as historic.

It was, he said, "ample proof" that China intended to implement the Joint Declaration under which the enclave will revert to Chinese rule on December 20, 1999.

The office's immediate function will be to report on political and economic conditions in Macao and the wishes of its people to Beijing, while contributing to

Sino-Portuguese relations and the maintenance of stability and progress in the enclave, according to its director, Mr Zhou Ding.

"I hope we can count on your support," he added, before proposing a toast to Mr Melancia and to Macao's economic prosperity.

The NCNA has now taken on the role of mainland political representative in Macao, a role formerly played by the Nam Kwong Company under its general manager Mr Ke Zheng-ping. Mr Ke, introduced as an "advisor", said he would continue to contribute to Sino-Portuguese relations.

Nam Kwong will be abolished shortly, "at a suitable time", Mr Zhou said. But much of its staff has transferred painlessly to the NCNA offices on the fifth and sixth floors of the Macao Bank of China building.

Mr Zhou's two deputy directors are Mr Hu Houcheng and Mr Wang Wenbin.

He said that apart from the news bureau at the top of the NCNA hierarchy, the agency's structure closely followed that of Nam Kwong, with units for propaganda, public relations and "social work".

Nam Kwong (Holding) Company, Nam Kwong's economic and trading arm, would, however, continue operating.

In its political role, the new office would respect the "objective circumstances" of Macao and all the current changes and progress in the territory, Mr Zhou said. But Beijing's adherence to the principle of "one country, two systems" would in itself constitute a new change of circumstances.

When asked about specific economic projects, including the new airport, he stressed that these issues were for the Portuguese Government to decide.

But his deputy director, Mr Hu, said that specific changes during the new phase of Macao's development would be enacted under the guidance of the central authorities and the people of Macao in such a way as to implement the Sino-Portuguese agreement.

When asked for his views on Macao's social system, and in particular the gambling and prostitution for which it is noted, he replied that, as with Hong Kong, there would be "no change for 50 years" to the enclave's lifestyle after the return of sovereignty to Beijing.

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